Saskatchewan

Budget Highlights

March, 1990

The Hon. Lorne H. Hepworth
Minister of Finance

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Consultation to Consensus

"Saskatchewan people have a tradition of working together... In preparing this Budget, we have renewed our commitment to working together. We asked the people to be part of the process. We asked for their ideas, comments and suggestions and they responded... I say to you, and to all the people who participated, your ideas have formed the foundation of this Budget."

Management and Priorities

This Government has listened to the people. The people have clearly said that the Government should:

- not increase taxes;
- eliminate waste and inefficiency;
- protect the priority areas of education, health care and agriculture;
- live within its means; and,
- build a consensus.

We have responded with significant measures to control internal government spending. We have redirected the savings from these measures to fund priority areas. As a first step, we:

- rolled back the salaries of Cabinet Ministers and Legislative Secretaries;
- eliminated severance packages for Government MLAs going to Saskatchewan Government jobs;
- restricted government and Crown corporation travel and advertising;
- amalgamated four government departments; and,
- froze the size of the civil service.

"The belt-tightening had to start with us. It was an important and necessary first step but it was not enough to address the financial challenges this Province faces. Larger programs needed to be reassessed ... Tough decisions were required. Tough decisions were made."

Significant savings were achieved by:

- eliminating the HOME Program;
- phasing out the Fuel Tax Rebate Program; and,
- adjusting the Mortgage Protection Plan.

These savings, however, were not enough to offset the high interest rate policy of the Bank of Canada, the offloading of the federal Budget and the crisis in agriculture. Further measures were required.

This Government took the following measures:

- freezing or reducing funding for 21 government departments and agencies;
- terminating the fossil fuel and energy research program;
- eliminating Regina rail relocation assistance;
- eliminating the grant for the Saskatoon Centennial Auditorium;
- reducing highway capital construction by $12 million;
- restricting new government construction projects;
- eliminating the Saskatchewan Stock Savings Plan;
- eliminating the Municipal Transit Assistance Program; and,
- reducing grants for international aid.

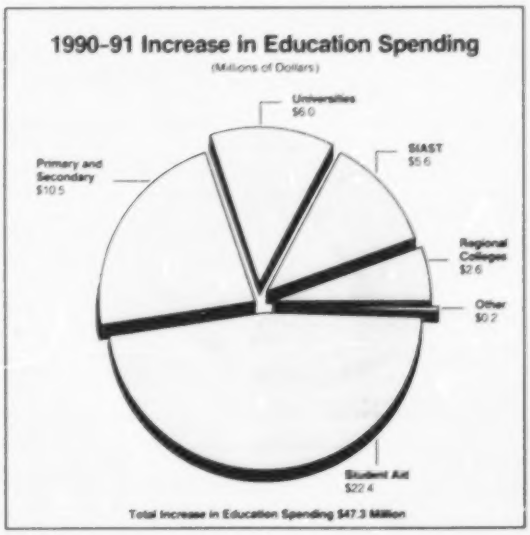
"Combined, all the measures taken to date by this Government will provide over $300 million in savings over the next two years."

Education

"More than ever, our children need an emphasis on those things we have always considered important in a well educated person... We must foster the creative and analytical dimensions of our children's keen young minds."

This year, education spending will increase by 5.6 per cent, or over $47 million, to $888 million. This represents almost one-fifth of the total provincial Budget. This Budget provides increases of:

- $2.6 million for regional colleges;
- $5.6 million for SIAST;
- $6.0 million for universities; and,
- $10.5 million for school boards.



The 1990-91 education budget also includes:

- almost $10.0 million for the Core Curriculum program;
- $46.7 million for student aid; and,
- $91.0 million for construction and renovations of schools and post-secondary institutions.

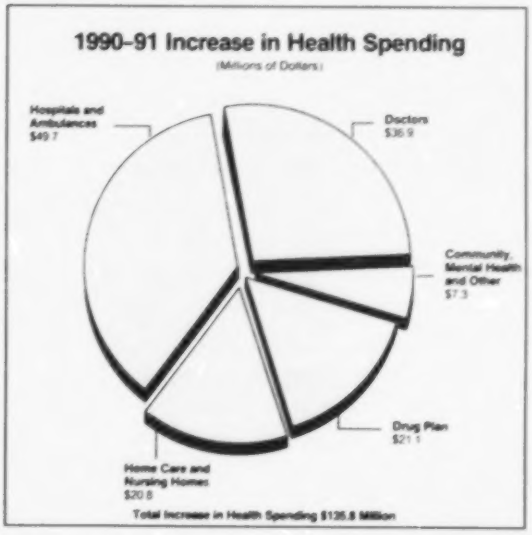
In addition, this Budget provides $740,000 to help meet the immediate needs of hungry children.

Health Care

Health care remains a priority of this Government. Spending for health care represents almost one-third of the total 1990-91 provincial Budget. This Budget provides $1.5 billion for health care, an increase of $136 million or almost 10 per cent. This includes an increase of:

- 9.5 per cent for home care;
- 8.7 per cent for nursing homes; and,
- 6.0 per cent for hospitals.

In addition, $116.0 million is provided for the construction and renovation of hospitals and special care facilities.


1990-91 Increase in Health Spending
(Millions of Dollars)
Hospitals and Ambulances $49.7
Doctors $36.9
Community, Mental Health and Other $7.3
Drug Plan $21.1
Home Care and Nursing Homes $20.8
Total Increase in Health Spending $135.8 Million

"...this Government will spend over $172,000 per hour, $4.1 million a day, on health care this year."

Agriculture

International grain trade wars, high interest rates and repeated droughts are threatening Saskatchewan farmers, their families and their communities.

This Budget introduces a $525 million Saskatchewan Spring Seeding Program to provide immediate assistance to farmers for Spring seeding. Short-term operating loans of $12.50 per cultivated acre, repayable at an interest rate of 10¾ per cent, will be available to farmers in this Province.

To address the long term viability of farming in Saskatchewan, we will:

- examine farm debt restructuring and other options with financial institutions;
- redefine the role of the Agricultural Credit Corporation of Saskatchewan; and,
- expand research and food market development.

The Government of Saskatchewan has called upon the federal government to recognize its responsibilities through the provision of:

- $500 million for Spring seeding;
- $400 million compensation for unfair prices; and,
- a $1 billion contingency fund to maintain Canada's export market share.

Direct spending and tax assistance to the farm sector in this Budget amounts to over $400 million.

"The Premier and this Government will stand by our farmers, their families and their communities."

Economic Diversification

We must diversify the Province's economy to create jobs and build for the future. By joining hands with individuals, labour organizations, cooperatives and businesses, this Government is diversifying the economy.

Community Development Bonds will enable residents to put their money to work in local economic development projects to build and strengthen their communities.

This Government will take a partnership approach to diversification through equity positions and joint ventures.

Consensus Saskatchewan will provide a forum for discussion on future direction for the Saskatchewan economy.

Fiscal Position

The Province's financial flexibility has been restricted by external factors, including:

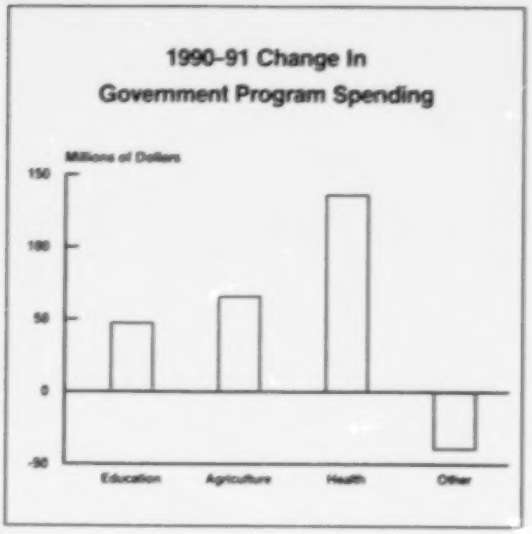
- low natural resource prices;
- high interest rates; and,
- reduced federal funding to health and education.

The Government has reduced waste and inefficiency and reduced or eliminated major programs. At the same time, the Government has protected and enhanced education, health care and agriculture.

"Loudly and clearly, taxpayers throughout Saskatchewan are saying that tax increases are not acceptable ... people are not prepared to pay more taxes. There are no tax increases in this Budget."

For 1990-91:

- revenues will be $4,278 million;
- expenditures will be $4,641 million; and,
- the deficit will be $363 million.



The deficit is of concern to the Government and the people of Saskatchewan. However, lower deficits, reduced taxes and increased spending are incompatible. The people of this Province must reach a consensus on a new financial blueprint.

Conclusion

"We are at a crossroads ... the Saskatchewan people have faced difficult times before. We have overcome them and thrived. We will do so again, if we work together. The Premier and this Government have set in motion a process whereby a consensus will be achieved. We will succeed."

Saskatchewan

Budget Address

March, 1990

The Hon. Lorne H. Hepworth
Minister of Finance

Budget Address
March 29, 1990

Consultation to Consensus

Honourable Lorne H. Hepworth

Minister of Finance

Mr. Speaker:

I am proud to stand before the people of Saskatchewan to present this Government's first budget of the 1990s.

The past year has to be regarded as a turning point in world history. The tearing down of the Berlin Wall, the student movement in China and massive political change in the Soviet Union reflect one of the greatest political reform movements ever witnessed. It is of the same historical magnitude as Pericles bringing democracy to Athens in the Fifth Century B.C. and the signing of the Magna Carta in 1215 A.D.

Canada and Saskatchewan have not been isolated from this world-wide movement toward greater public input into the political process.

At the same time, dramatic events are taking place in the world's economy. More and more, the global economy is based on trade in information and technology rather than just the production of goods. The horizons of local markets are broadening into a world marketplace. Clearly, a new economy is before us.

However, while people around the world struggle for political freedom, the impacts of drought, high interest rates and international grain trade wars threaten our prosperity.

It is a time when there are more questions than answers. It is a time of uncertainty and harsh reality but also a time of tremendous opportunity. It is a time of hope but also a time of distress. Simply put, we are at a crossroads.

Mr. Speaker, these are indeed difficult economic times: for our farmers, our families, our communities.

Saskatchewan people have a tradition of working together. We set aside our differences and persevere. We overcome the difficulties and build a better future by finding common cause with one another. We find the best ideas, the ideas that work, and we implement them.

In preparing this Budget, we have renewed our commitment to working together. We asked the people to be part of the process. We asked for their ideas, comments and suggestions and they responded.

At town hall meetings, in cafes, at grain elevators and on shop floors, people told us how we should deal with change and how we should build for the future.

I thank all those who came to our meetings and shared their views with us. I am happy to see a number of these people here tonight. I say to you, and to all the people who participated, your ideas have formed the foundation of this Budget.

I am reluctant to single out individuals because all deserve recognition. While there was not consensus on all issues, at every meeting there were those two or three individuals whose comments stood out. What they said touched everyone and when they had finished speaking, the applause was spontaneous.

> *"... I think seeking direction from the public is the way to go. Involving people in decisions that affect our lives, that's what democracy is all about ... Involve politicians, business, labour, church, social services and the people who receive those services. By planning together we'll make the best use of whatever resources we have ..."*
>
> A resident of Regina

Mr. Speaker, what did the people tell us?

- **They told us to eliminate waste and inefficiency in government.**
- **People said that education, health care and agriculture must be protected.**
- **They said they do not want tax increases.**
- **People told us that governments must live within their means.**
- **People said that they were concerned about the future of their communities.**
- **Most importantly, people told us that we must work together.**

> *"I think the key word amongst all of us as citizens of the Province is expectations. Expectations and reality are totally out of whack."*
>
> A civic leader from Yorkton

I stress that the pre-budget consultations were only the beginning for building a new consensus. Under the leadership of the Premier, this Government will work with the people of Saskatchewan to enhance our Saskatchewan way of life, stabilize our communities, build our economy and manage our resources.

Management and Priorities

Mr. Speaker, this Budget addresses the concerns of the people. These focus on three areas: financial management, taxes and the spending priorities that we should pursue.

On the issue of financial management, the messages from the people are loud and clear.

The people have said there is waste and inefficiency in government. This Government has responded, Mr. Speaker. In the short time that I have been Minister of Finance, we have undertaken significant measures to control internal government spending.

- We have rolled back the salaries of Cabinet Ministers and Legislative Secretaries.
- We have eliminated severance packages for Government MLAs going to Saskatchewan Government jobs.
- We have restricted government and Crown corporation travel and advertising.
- We have amalgamated four government departments.
- We have frozen the size of the civil service.

The belt-tightening had to start with us. It was an important and necessary first step but it was not enough to address the financial challenges this Province faces.

Larger programs needed to be reassessed, if we were to find savings in blocks of $30 million or $40 million or $50 million. Tough decisions were required. Tough decisions were made.

Mr. Speaker, time and time again, I heard phrases like "forget about grants and rebates", "get rid of election gimmicks" and "get rid of paper pushing programs". **At the same time, people told me that the Province's spending priorities should be education, health care and agriculture.**

> *"... I want to see government subsidies and grants to business eliminated like a couple of other gentlemen mentioned. Particularly, a good example is the home improvement program. I'd like to point out that it has accomplished very little ... It has produced major market distortions ... it has created 'grant junkies' ..."*
>
> A businessman from Regina

Earlier this month, the Premier reaffirmed this Government's commitment to the priorities of the people. To meet this commitment, it was necessary to terminate the HOME Program, phase out the Fuel Tax Rebate Program, modify the Mortgage Protection Plan and redirect funding to the priority program areas.

These were not easy decisions. We know that not everyone supports them but they were necessary.

> *"In addition to the gas tax rebate, I know this won't be popular with a lot of people, but I think the Mortgage Protection Plan and the home improvement plan, as well, are things that the Government could take a look at."*
>
> A teacher from Swift Current

> *"Governments have got to learn ... (they) have got to start making decisions based on sound management, sound business decisions, not decisions based on whether it is politically expedient ..."*
>
> A businessman from Weyburn

Unfortunately, they were not enough. They were not enough to offset the high interest rate policy of the federal government, the offloading of the federal Budget and the worsening crisis in agriculture. More had to be done.

And so Mr. Speaker, I am announcing further measures to control and restrain government spending. These include:

- terminating the fossil fuel and energy research program;
- eliminating Regina rail relocation assistance;
- eliminating the grant for the Saskatoon Centennial Auditorium;
- reducing highway capital construction by $12 million, to $109 million;
- restricting new government construction projects;
- eliminating the Saskatchewan Stock Savings Plan;
- eliminating the Municipal Transit Assistance Program; and,
- reducing grants for international aid.

In this Budget, funding for 21 government departments and agencies is frozen or reduced. Of these, eight had their budgets cut by more than ten per cent.

We also expect our partners — municipalities, universities, school boards and hospitals — to join with us to achieve real savings, as we have done.

Combined, all the measures taken to date by this Government will provide over $300 million in savings over the next two years.

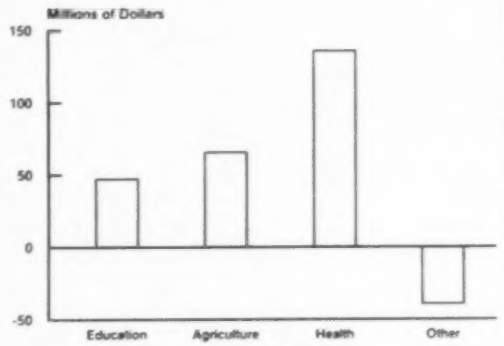
Those who are looking to this Budget for significant new programs and new initiatives may be disappointed.

We have acted responsibly. We have strengthened our commitment to education, health care and agriculture — the priorities of the people of Saskatchewan.

This Government has listened to the people.

This Government has responded.

1990-91 Change In Government Program Spending



Education

At public meetings, more people spoke about education than any other issue. They may not have talked about the service economy, the knowledge economy, the technological era or the information age but people did talk about how the world is changing.

They instinctively know that, in the face of global change, education is the key to our children's future and the future of our communities and our Province.

> *"... education really is going to be the currency of the next century ..."*
>
> A taxpayer from Regina

More than ever, our children need an emphasis on those things we have always considered important in a well educated person.

To deal with a rapidly changing world, our children will need:

- a solid grounding in oral and written communication skills;
- a firm foundation in history, geography, mathematics and science; and,
- computer and technological literacy.

We must foster the creative and analytical dimensions of our children's keen young minds.

> *"I'd like to see maths and sciences given priority, with functional literacy with computers a strong ingredient in children's education."*
>
> A senior from Regina

This is what the Core Curriculum agenda is all about — an agenda for a changing world. **That is why this Budget will provide almost $10 million for the funding of the Core Curriculum initiatives in 1990-91.**

When people think about our education system, their first thoughts are of the 200,000 children in school or the students at universities and technical institutes. There are others, however, who do not immediately come to mind — those who, through no fault of their own, can neither read nor write.

It is important to reach out to these people. That is why, together with IBM, we introduced the Principles of the Alphabet Literacy System, or PALS. PALS is exceeding expectations in improving literacy levels, with many achieving reading improvement equivalent to two years of primary school in only a few months. This program is a fine example of business working with its partners in education to improve opportunities for the less fortunate.

Mr. Speaker, in this day and age, when we hear so much about rights and freedoms, one that is fundamental is the "right" to read.

There is another group that is deserving of extra help. These are the children who go to school hungry. Hungry children do not achieve their full learning potential.

Church groups, schools, parents, volunteers and governments recognize that the problem of hunger is a shared responsibility. The Minister of the Family, together with these groups, will continue to seek long-term solutions to eliminate child hunger.

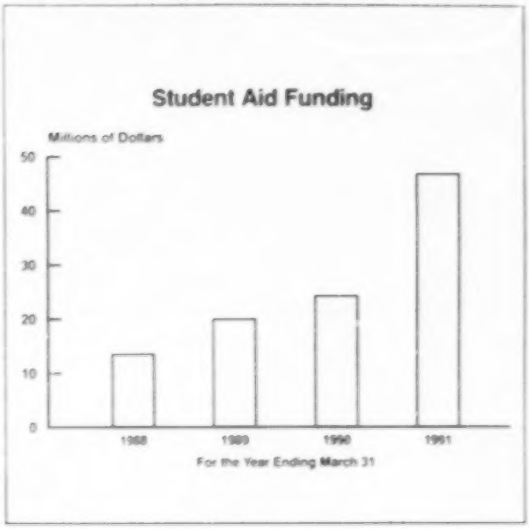
Tonight, I am announcing that this Budget provides $740,000 to help meet the immediate needs of these children.

Mr. Speaker, I would like now to turn to the subject of our regional colleges. When Cabinet Ministers or MLAs visited communities across the Province — such as Swift Current, Nipawin, North Battleford or Weyburn — they were told that young people must have access to high quality post-secondary education in their own communities.

> *"... I want my kids in the future to have the same quality education I had, if not better, and we are willing to pay for it. We just want to be assured the quality is there."*
>
> A resident of Weyburn

Regional colleges and other distance education initiatives are providing these opportunities. More first and second year university classes and technical institute courses are being offered outside Regina and Saskatoon. **I am pleased to announce an additional $2.6 million for regional colleges, to bring total funding to $8.1 million in 1990-91.**

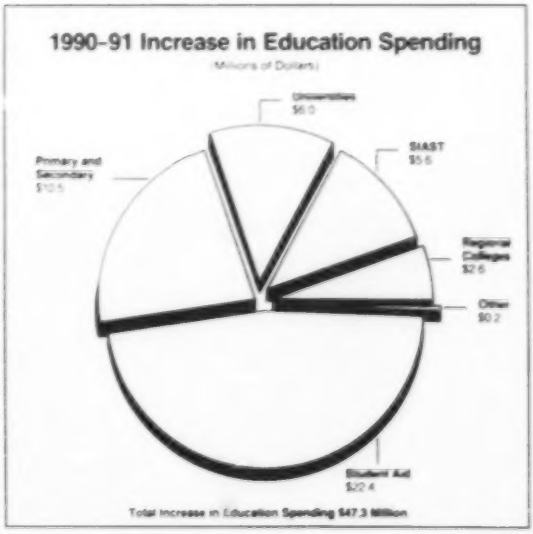
As well, our commitment to assist students in obtaining access to our universities, the Saskatchewan Institute of Applied Science and Technology (SIAST) and our regional colleges means that student aid funding in this Budget will almost double to $47 million.



Mr. Speaker, high quality education is important but it requires a substantial amount of money.

That is why this Budget provides increases of:

- **$5.6 million for SIAST;**
- **$6.0 million for universities; and,**
- **$10.5 million for school boards.**

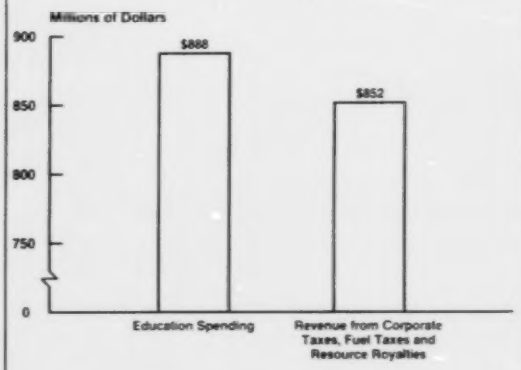


In total, we are providing a 5.6 per cent increase for education, a budget which now totals $888 million.

Mr. Speaker, this is a significant amount of money.

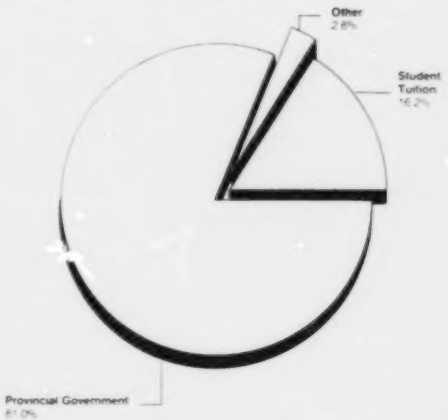
- The education budget represents almost one-fifth of our total spending for 1990-91.
- This is more than the combined revenues from corporate taxes, fuel taxes and resource royalties.
- This represents an expenditure of over $2,600 for every elementary and secondary school student and $8,500 for every university student in Saskatchewan.

1990-91 Education Spending Compared to Selected Revenue Bases



I would like to emphasize that over three-quarters of our education budget goes to school boards, universities and technical institutes — our education partners. Our education budget is a large expenditure but, more importantly, a necessary investment.

Sources of University General Operating Revenues



However, this investment raises a number of questions.

Who should pay and how much? Do we have the right governance system for the 1990s and beyond? Will the standards of our education system allow our children to meet the challenges of international competition? Are we adequately preparing our children for the changes they will face?

These are not new questions but questions that have eluded a consensus in the past. There is a need to examine these and other issues so we can continue to have an education system that meets our changing requirements and expectations.

"... higher education has somewhat too low a profile even in these difficult times ... I think the development of the human potential here is going to be vital."

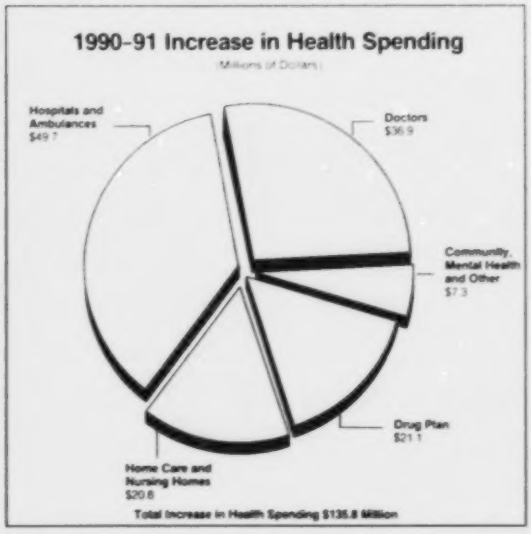
A professor from Saskatoon

Health Care

Mr. Speaker, the people of Saskatchewan have also told us that health care must remain a top priority.

This Government has maintained and enhanced Saskatchewan's reputation as a world leader in the delivery of health care services.

Despite significant cutbacks in federal government transfer payments to the Province, tonight I am announcing a funding increase of almost 10 per cent for health care. This $136 million increase will bring the budget for health care spending to $1.5 billion for 1990-91.


1990-91 Increase in Health Spending
(Millions of Dollars)
Hospitals and Ambulances $49.7
Doctors $36.9
Community, Mental Health and Other $7.3
Drug Plan $21.1
Home Care and Nursing Homes $20.8
Total Increase in Health Spending $136.8 Million

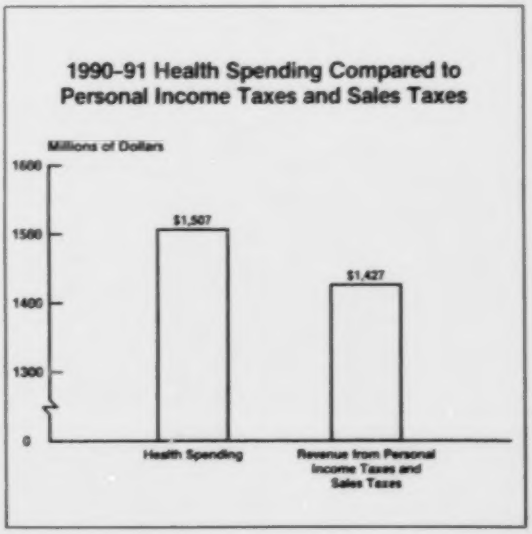
Mr. Speaker, I could describe in detail how health care dollars will be spent this year. I could describe:

- how these dollars are providing the latest in health care technologies;
- how these dollars are being used to increase personal awareness about the need for healthy lifestyles; and,
- how the increases in funding of 9.5 per cent for home care, 8.7 per cent for nursing homes and 6.0 per cent for hospitals will be used.

> *"... most people don't know, when they have a major surgery, what the cost is to the Government and, if you would send out a receipt to them, ... it would open their eyes ..."*
>
> A health care provider in Swift Current

But rather, Mr. Speaker, I believe it is important to put this $1.5 billion in perspective for the taxpayers of Saskatchewan.

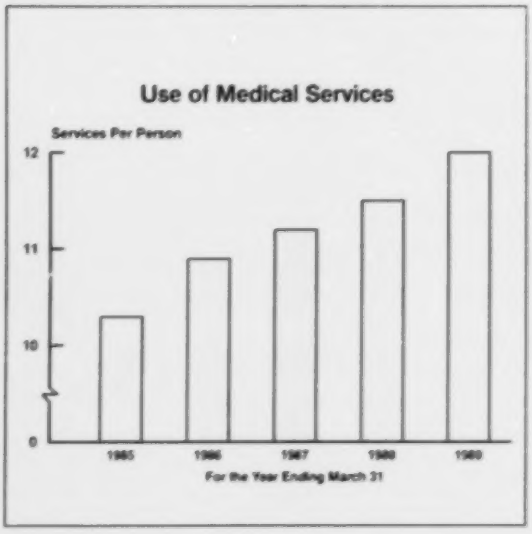
- The health care budget represents almost one-third of our total spending for 1990-91.
- It is $80 million more than the Province collects from both personal income taxes and sales taxes, two of our largest revenue sources.
- It represents spending of $6,000 for every family this year.
- The increase alone, $136 million, is the equivalent of raising the sales tax from 7 to 9 per cent or a 15 per cent increase in personal income tax.



Mr. Speaker, this Government will spend over $172,000 per hour, $4.1 million a day, on health care this year.

We are all proud of our health care system. We want it protected and the health of our people improved.

We must, however, ask fundamental questions about health care. Can we, as taxpayers and users of the system, sustain double digit growth in health care spending year after year? How can we make health care services more sensitive and responsive to local needs and priorities? What do we do to ensure the appropriate supply, distribution and training of health care professionals? And finally, Mr. Speaker, how do we deal with the many ethical and technological issues in health care?

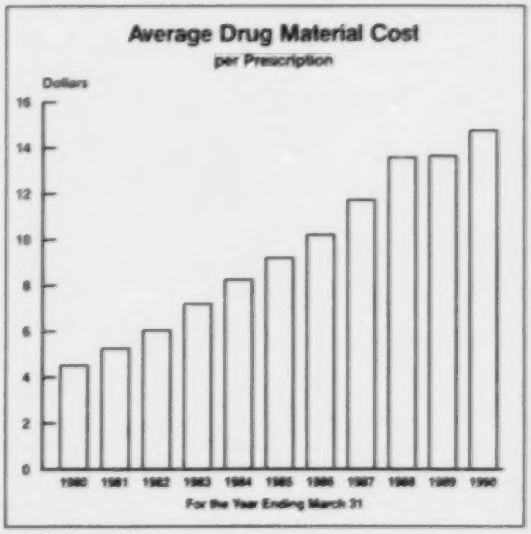


To answer these and other questions, this Government established The Saskatchewan Commission on Directions in Health Care to provide the people of Saskatchewan the opportunity to voice their ideas and concerns.

"Health care scares me. We have a system that is absolutely wide open. There is no control on the top end cost the way the system is set up right now. You go as often as you want to go and the bills just keep going in."

A farmer from McTaggart

The people will have an opportunity to comment on the Commission's recommendations. I urge everyone to get involved. We must build a province-wide consensus so that our health care system remains the finest in the world.



Agriculture

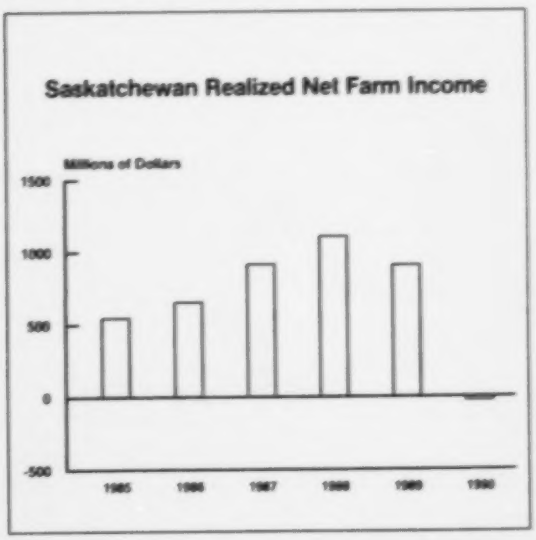
Mr. Speaker, I spoke earlier about global political and economic change. If ever there was a group that knows the meaning of change, it is Saskatchewan's farmers.

Today's farmers can tell you about European farm policy, the impact of the recent United States Budget and the high interest rate policy of the Bank of Canada just as readily as they can tell you about a new variety of lentils, the sidebanding of fertilizer or embryo transfers.

Farmers also know that the international agri-food arena has erupted into an economic war financed by the treasuries of some of the world's largest and wealthiest nations. It hurts not only our farmers but also our farm service sector and our communities. Our entire Province is caught in the global crossfire.

Foreign agri-food policies, combined with the albatross of farm debt, continued high interest rates and repeated droughts, have had a devastating effect on Saskatchewan.

It is no wonder we have reached a crisis situation. Realized net farm income is forecast to be negative $9 million for 1990. This is the lowest level since the 1930s.



> *"But I also don't want to excuse the banks and those lending institutions for not helping the farmer ... the banks were only too willing to lend you a whole pile of money and it wasn't really responsible financing."*
>
> A businessman from Kerrobert

Everyone has tried hard to avoid this crisis. Farmers have tightened and tightened their belts. Governments have responded with drought and deficiency payments. Crop insurance and grain stabilization have provided major payouts as these safety nets responded to low prices and low production.

Given a choice, do farmers want more ad hoc programs and subsidies? I say they do not, Mr. Speaker.

Our farmers say they want fair access to markets. They are asking for a price determined not by the size of a nation's treasury but by the quality of the product. They want a chance to compete fairly.

The crisis in agriculture has placed an unbearable economic and emotional strain on rural Saskatchewan. It is having a serious effect on all our communities, both large and small. The casualty in all of this may be the Saskatchewan way of life.

The Premier and this Government will stand by our farmers, their families and their communities.

Mr. Speaker, farmers need money to get the crop in the ground. And they need it now.

Tonight, I am pleased to announce the Saskatchewan Spring Seeding Program. This $525 million initiative will ensure that money is available to allow farmers to plant their crops this year.

It will provide our farmers with short-term operating loans at 10 3/4 per cent. Farmers will be entitled to borrow $12.50 per cultivated acre for inputs such as seed, fertilizer, fuel, chemicals and repairs. This Program will be

administered through the Agricultural Credit Corporation of Saskatchewan (ACS). Further details will be announced by the Minister of Agriculture and Food.

Mr. Speaker, providing $525 million of operating loans to farmers strains the provincial treasury. Some people may say that the Government should not charge interest on these loans or that we should provide grants. The Saskatchewan Spring Seeding Program is a more responsible approach.

The provincial treasury cannot afford $525 million in grants. Saskatchewan cannot take on the treasuries of the United States or the European Economic Community by itself. We cannot go it alone.

This Government has responded in a fair and reasonable way. The federal government must also keep its commitment.

The Government of Canada has a responsibility to our farmers. All members of this Assembly have called upon the federal government to assist farmers with the costs of Spring seeding and to provide compensation for current unfair prices. We fully expect the federal government to honour its commitment to Saskatchewan farmers and provide assistance.

The Government of Canada must also establish a contingency fund to fight the agri-food trade wars. Canada must respond to the United States Export Enhancement Program. The Government of Saskatchewan has called upon the federal government to provide $1 billion to maintain Canada's share of international grain markets.

> *"... I think if we can ever turn agriculture around, it has to be (through) debt restructuring with a cheaper interest rate ... I think we can have all the band-aid programs we want in agriculture but, if we don't come up with a good debt restructuring program and a good interest rate policy, they won't help us."*
>
> A farmer from Yorkton

The issue of farm debt must be addressed to bring greater long-term stability to farming. As part of this solution, lending institutions must play a larger role in resolving the farm debt and cash flow problems. This is no time for fair-weather friends.

At the initiative of our Premier, this Government, together with lending institutions, is reviewing all options to ease the farm finance situation, including farm debt restructuring. The Premier is also asking the help of farm leaders and rural municipalities to redefine the role of ACS.

Mr. Speaker, our farmers can compete with any others in the world. However, I would like to reiterate that the treasury of Saskatchewan cannot compete with the treasuries of Western Europe and the United States.

This Government's commitment to agriculture has been unprecedented. Our commitment has been demonstrated by programs like:

- the Production Loan Program;
- livestock cash advances; and,
- drought assistance.

As well, our commitment to rural Saskatchewan has been shown by initiatives like:

- the Rural Gasification Program;
- individual telephone line service; and,
- the Rural Service Network.

Mr. Speaker, this Budget continues these commitments through programs such as:

- crop insurance;
- the Feed Grain Adjustment Program;
- Counselling and Assistance for Farmers;
- interest subsidy programs;
- the Agriculture Development Fund; and,
- the farm fuel tax exemption.

This Budget contains over $400 million in spending and tax assistance to our agriculture sector. Mr. Speaker, this is in addition to the $525 million in loans for the Saskatchewan Spring Seeding Program.

However, these sums pale in comparison with the farm budgets of the United States and the European Economic Community.

Mr. Speaker, Saskatchewan farmers need a resolution to the international grain trade wars. Our farmers are depending upon it.

The Government, by working with farmers, the federal government and lending institutions, will enable the rural economy to meet the immediate challenges and those of the 1990s and beyond.

Economic Diversification

Mr. Speaker, although a strong farm sector is essential for our future, we must also continue to diversify and develop our economy. Through diversification, we can provide job opportunities at home, strengthen our communities and provide the means to pay for and enhance priority programs.

The best way to do this is to create a climate conducive to business development and investment. We must promote diversification of the economy through building on our natural advantages.

This is especially important in food production. The problems of today must not blind us to the realities of tomorrow. Fundamental change is occurring. During my remarks tonight, the world population will have grown by 5,000 people — 5,000 more to be fed. But 15,000 acres of food-producing land across the world were lost to erosion or covered with concrete today.

There are many changes and we must be prepared to take advantage of them. For example, there are new food markets in Asia and Eastern Europe. We applaud the Government of Canada's role, along with Canadian and Saskatchewan producers, in a recent substantial sale of pork to the Soviet Union.

There are potential new markets here in North America. People are changing their lifestyles and looking for healthier food. Canadian canola oil is recognized by the American College of Nutrition as a health food. Our canola oil is now being used by a major Canadian restaurant chain.

Mr. Speaker, we must not miss the opportunity presented by these and other market challenges. More food products, more table-ready foods, must be part of our Province's long-term response to a changing world.

This Government has worked not only with those in the agricultural sector but also with individuals, labour organizations and businesses that believe in the future of our Province.

- We joined hands with members of the cooperative movement to build Canada's first heavy oil upgrader.
- We were the first province in Canada to join hands with the Canadian Federation of Labour to involve labour in business development in Saskatchewan.
- We joined hands with ten Indian Bands to assist them to purchase the saw mill in Meadow Lake.
- And we joined hands with Weyerhaeuser Canada Ltd. to develop a paper mill in Prince Albert, with Cargill Ltd. to build a fertilizer plant in Belle Plaine and with the Saskatchewan Wheat Pool and Schreier Malting Company to expand the malt plant in Biggar.

These investments create much more than individual success stories for Saskatchewan. They increase the value added to our natural resources. They also provide jobs, build our communities and anchor our economy.

Megaprojects receive all the headlines but investments in community projects and small businesses are equally important for growth and development. Delsa Food Processors Ltd. in Delisle, L & M Wood Products Ltd. in Glaslyn and the Austrak tractor plant in Weyburn are just as important to those communities as the heavy oil upgrader is to Lloydminster.

Mr. Speaker, people of this Province want to be directly involved in building a better future. For example, over 73,000 Saskatchewan residents purchased Province of Saskatchewan Potash Ownership Bonds last Fall. Since 1984, this Government has provided Saskatchewan residents with the opportunity to invest over $1 billion in bond and share offerings. This money has been put to work by SaskPower, SaskTel, SaskOil and other Saskatchewan corporations.

To strengthen and build Saskatchewan's communities, this Government will introduce Community Development Bonds.

These Bonds, guaranteed by the Province, will allow people additional opportunities to invest in community economic development, small businesses and local projects. This innovative approach will provide Saskatchewan people and their children with greater opportunity to live and work in their communities.

In the months ahead we will be working with local people and business to build a consensus on how Community Development Bonds can best be implemented.

> *"... the challenge for the future in agriculture and small business will be access to capital at a reasonable cost ... If some kind of a mechanism could be created whereby local Saskatchewan born and bred capital could be raised and made available for re-capitalization or new capitalization at a cheaper rate, then we could get out from under some of this problem ..."*
>
> A farmer from Lewvan

People have told us that we should reduce the number of government grants to business. We are moving in the direction of eliminating business grant programs. Our focus will now be on a partnership approach through equity positions and joint ventures.

Mr. Speaker, it is important to continue to build our economy but, at the same time, we must also protect the environment. This Government will conduct a review of our environmental assessment process. We will also strengthen government's role in protecting the environment by establishing an enforcement unit within the Department of Environment and Public Safety.

> *"... the Government ... has got to consider the environment or else we are passing all these costs to our children ... Are we prepared to leave these costs to our children or are we going to get together and decide that we're going to put the environment into our discussions when we are talking about economics?"*
>
> A resident of Regina

Urban, rural and northern residents all recognize that our generation has a responsibility both to diversify the economy and to preserve the environment for our children. I note, Mr. Speaker, Community Development Bonds have the potential to involve people in financing local environmental projects.

The people must have a say on how to create jobs today, protect the environment and build for the future. The recently announced initiative, Consensus Saskatchewan, will provide a forum for people to be heard.

Fiscal Position

Mr. Speaker, the people have said it is time for governments to start living within their means.

> *"... if something isn't done, obviously this Province is going to be bankrupt and our kids and their kids and I guess their grandchildren will be looking back and saying, 'What happened during the '70s and '80s and '90s?' "*
>
> A taxpayer from Yorkton

In Saskatchewan, our financial flexibility has been restricted by a number of external factors that have placed pressure on the Government.

- Low prices for our natural resources have restrained the Province's revenues over the past few years.
- Interest rates are more than 50 per cent higher than they were three years ago.
- The federal government, in its latest Budget, reduced its commitment to education and health care in Saskatchewan by almost $100 million over the next two years.

Faced with these pressures, we first tightened our belt. We reduced inefficiency and waste in internal government spending.

We called upon the people to help. The fuel tax rebate is being phased out. The HOME Program was eliminated. The Mortgage Protection Plan was adjusted. We eliminated other government programs tonight.

Mr. Speaker, I could stand here tonight and announce large reductions in government funding for hospitals, school boards and universities. We could have followed the Government of Canada's example and shifted our fiscal problems onto others. We could have said that the federal Budget, by cutting transfer payments for health care and education, forced us to reduce our support to these areas.

> *"The federal government dumped a load on the Province, the way people like to call it is down-loading and they moved it down."*
>
> A taxpayer from Weyburn

But, Mr. Speaker, this Government consults, cooperates and works with hospitals, school boards and universities. We recognize that shifting costs from one government to another does nothing to relieve the burden on taxpayers.

Loudly and clearly, taxpayers throughout Saskatchewan are saying that tax increases are not acceptable.

The tax on lotteries was rejected, even though the money was destined for the Province's hospitals. People are outraged with the federal government's Goods and Services Tax — and with good reason. It is unfair. It is too complex. **The Goods and Services Tax is unacceptable.**

Quite simply, the people have said they have no more to give — enough is enough.

And so, Mr. Speaker, I say to you, and to all the taxpayers of Saskatchewan, this Government has listened. **There are no tax increases in this Budget.**

No increase in personal income tax.

No sales tax increase.

No other tax increases.

The people have spoken. Enough is enough.

> *"... individuals cannot afford to pay any more taxes in this country. We are taxed to death in this country and in this Province ... We demand the services and, therefore, we have to pay the taxes. But, there has got to be a better way."*
>
> A resident of Yorkton

Tax increases would have been the easy way out. Rather, this Government focused attention on controlling its spending. Our efforts will save over $300 million in the next two years.

Mr. Speaker, people are not prepared to pay more taxes. There are no tax increases in this Budget.

People want spending in the priority areas of education, health care and agriculture to be increased. Spending has been increased.

Everyone wants government to reduce waste and inefficiency. It has been reduced.

As a result, our revenues for 1990-91 will be $4,278 million and our spending will be $4,641 million, for a deficit of $363 million.

As I announced previous to tonight, the deficit for 1989-90 will be $390 million.

Mr. Speaker, we all want a lower deficit. We want a lower deficit because deficits add to the provincial debt which, in turn, leads to higher interest costs. In 1990-91, interest on the public debt will be $493 million.

Debt, and the cost of servicing it, especially in times of high interest rates, reduces our financial flexibility. But, more importantly, it imposes a burden on our children.

> *"I am so alarmed as a citizen for my children and grandchildren of the enormity of the federal deficit and the provincial (deficit)."*
>
> A resident of Swift Current

The consequences of debt deeply concern me. Mr. Speaker, I am sure they concern everyone. We cannot continue to mortgage our children's future.

With this in mind, Mr. Speaker, I am pleased to announce that the proceeds from the sale of the shares of the Potash Corporation of Saskatchewan Inc. will be used to reduce the provincial debt.

People want lower deficits. People want lower taxes. People want more spending in priority areas.

Mr. Speaker, lower deficits, lower taxes and more spending are not compatible.

A solution must be found. We must build a consensus.

We must build that consensus not only on managing our financial resources but also on stabilizing our communities, diversifying our economy and fully developing the potential of all our people.

> *"... what we need is legislation ... that said it was illegal to deficit finance ... I am not saying we can pass legislation tomorrow saying that we have to have a balanced budget in 1990. Maybe we have to build it into the legislation that it takes five years to get there, but let's get it in legislation ..."*
>
> A resident of Weyburn

The Government, in conjunction with **Consensus Saskatchewan,** will draw on the people's ideas and develop them into a new financial blueprint to deal effectively with the deficit. Some of the ideas we have heard to date include:

- legislation that requires the government to balance the budget;
- taxes dedicated to reducing the debt;
- an independent people's board to monitor government spending; and,
- more frequent reporting of government finances.

"Personally, I would not be opposed to having some tax increase ... if that tax increase was to go specifically to paying off the debt."

A resident of Lloydminster

This important process must have the support of the people of the Province. A plan supported by the people will succeed. We must build a consensus.

Mr. Speaker, I invite every person in this Province to contribute to this process.

"But we're always told, 'Set your priorities straight', and I think that the provincial government should do the same ... I think maybe we should have a people's board that the provincial government would have to send their budget to, for us to scrutinize ..."

A resident of Lashburn

Conclusion

The people of Saskatchewan want to be involved, and must be involved, in developing solutions to the challenges of the 1990s.

But in a world that is changing rapidly, there are few areas where the public is in agreement, where a broad consensus has formed.

Saskatchewan will achieve its goals if we all work together. We will succeed if we avoid a narrow, partisan agenda. We must develop and implement policies that are good for all people — for today and for tomorrow.

Mr. Speaker, it is a time for education policy, not a time for education politics. It is a time for health care policy, not health care politics. It is a time for agriculture policy, not agriculture politics.

We are at a crossroads. Mr. Speaker, the Saskatchewan people have faced difficult times before. We have overcome them and thrived. We will do so again, if we work together.

The Premier and this Government have set in motion a process whereby a consensus will be achieved. We will succeed.

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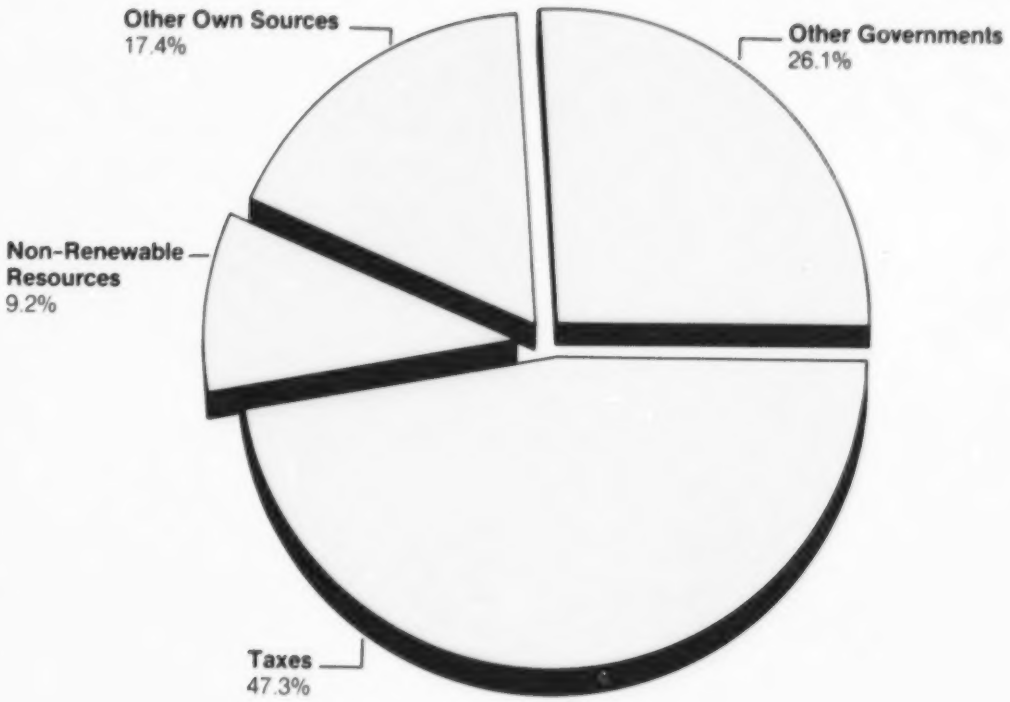
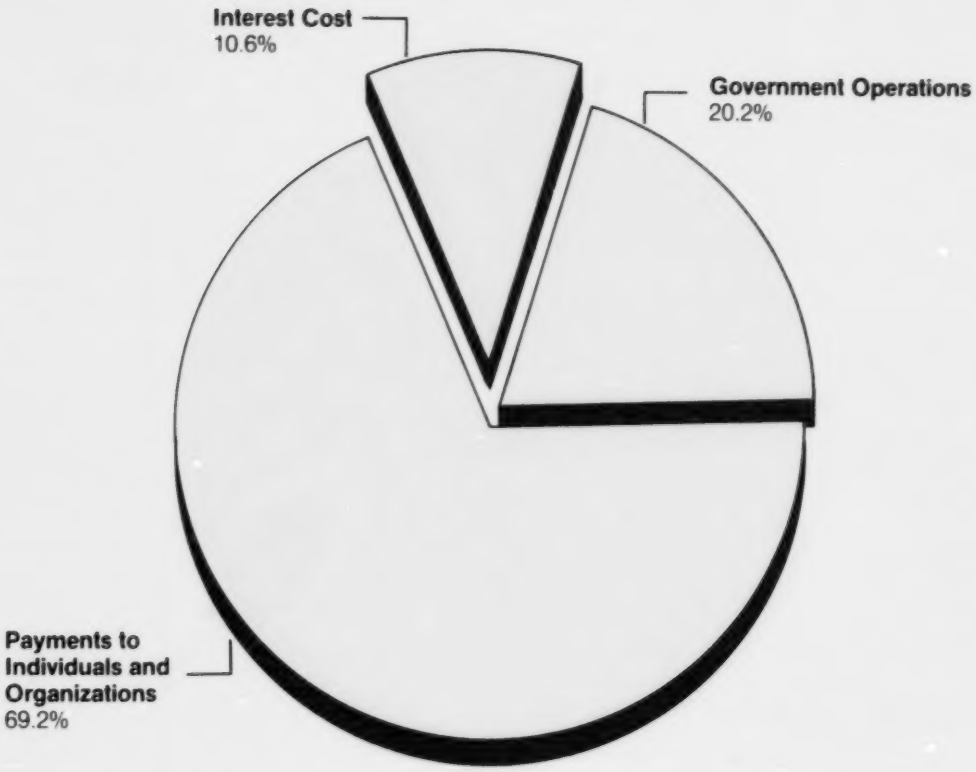
Government of Saskatchewan
Sources of Revenue, 1990-91



	Millions of Dollars	Per cent of Total
Taxes		
Corporation Taxes	$ 250.2	5.9%
Individual Income Tax	896.7	21.0
Sales Tax	530.3	12.4
Tobacco Tax	103.0	2.4
Fuel Tax	206.0	4.8
Other Taxes	35.8	0.8
	$ 2,022.0	47.3%
Non-Renewable Resources		
Oil	$ 242.0	5.7%
Potash	66.1	1.5
Natural Gas	48.9	1.1
Uranium	20.9	0.5
Other Minerals	17.8	0.4
	$ 395.7	9.2%
Other Own Sources		
Dividends	$ 504.6	11.8%
Motor Vehicles	83.8	2.0
Charges for Services	45.1	1.1
Licences and Permits	25.1	0.6
Other	82.9	1.9
	$ 741.5	17.4%
Other Governments		
Federal Transfer for Health and Education	$ 398.9	9.3%
Federal Equalization	510.0	11.9
Other Federal Payments	201.3	4.7
Other Governments	8.8	0.2
	$ 1,119.0	26.1%
Total Revenue	**$ 4,278.2**	**100.0%**

Government of Saskatchewan
Distribution of Spending, 1990-91



	Millions of Dollars	Per cent of Total
Payments to Individuals and Organizations		
Hospitals	$ 695.5	15.0%
Nursing Homes	223.0	4.8
Doctors	261.8	5.6
Drugs	80.4	1.7
Schools & Teachers	518.6	11.2
Universities	190.3	4.1
Technical Schools & Colleges	81.0	1.7
Agricultural Support	216.4	4.7
Municipalities	134.0	2.9
Seniors	54.9	1.2
Welfare	215.5	4.6
R.C.M.P.	50.8	1.1
Mortgage & Home Subsidies	68.9	1.5
Other	422.1	9.1
	$ 3,213.2	69.2%
Government Operations		
Public Health	$ 78.4	1.7%
Highway Repair & Construction	231.6	5.0
Courts & Jails	70.0	1.5
Parks & Forests	68.0	1.5
Welfare, Child & Family Support	82.7	1.8
Regulatory, Inspection & Mediation	42.5	0.9
Pension, CPP, UIC, etc.	113.3	2.4
Other	248.2	5.4
	$ 934.7	20.2%
Interest Cost	$ 493.4	10.6%
Total Spending	**$ 4,641.3**	**100.0%**

Saskatchewan's Tax System - Challenges for the 1990s

Introduction

A tax system's primary function is the raising of revenue to support the social and economic programs of government. However, the tax system must raise revenue in a manner that is consistent with social objectives and with society's notion of fairness. Changes in economic and social circumstances require changes to the tax system so that tax policy remains consistent with these objectives.

During the 1980s, this Government felt that major changes to the tax system were required:

- major reforms to the corporate tax system have made provincial tax rates more competitive, ensured greater neutrality among competitors and improved stability in the corporate revenue base;
- restructuring of the Saskatchewan Tax Reduction has expanded benefits and redirected them to families;
- major reforms to the Personal Income Tax have been proposed that would simplify the tax system and ensure a fair application of tax to all families and individuals; and,
- adjustments to the Education and Health (E&H) Tax have protected the family from the taxation of most essentials.

These changes were made toward the objectives of a sound tax system. They have strengthened the tax system's ability to be:

- consistent with widely accepted notions of equity, so that individuals and corporations see fairness in the tax system;
- consistent with overall social and economic policy objectives;
- simple enough that tax filers do not generally require professional assistance to prepare their tax returns;
- a relatively stable source of government revenue; and,
- in harmony with the national tax system.

The challenge facing the Province has been, and will continue to be, the creation of an appropriate balance among these often conflicting objectives.

The 1990s will introduce new challenges for the tax system in meeting these objectives. Changing economic and social circumstances affecting Saskatchewan will require the Government to consider a variety of new factors in the design of tax policy:

- the advent of greater economic freedom under the Canada-United States Free Trade Agreement presents the challenge of competing on a world scale;
- changes in family structures challenge the basis on which we protect families from economic hardship; and,
- other governments' tax measures, such as the introduction of the federal Goods and Services Tax, require a comprehensive review of provincial taxation policies to ensure that all residents are fairly treated.

This paper describes three major components of Saskatchewan's current tax system. It also addresses the tax issues which the Government must face as we move further into the 1990s.

Saskatchewan's Corporate Tax System

Overview

Saskatchewan's corporate tax regime involves the collection of both an income tax and a capital tax:

- the Corporation Income Tax, levied on Taxable Income, applies to all corporations which operate in Saskatchewan, with small businesses afforded preferential tax treatment; and,
- the Corporation Capital Tax, levied on capital or "wealth", applies to large corporations, many of which have most of their business activity outside the Province.

Historically, the corporate tax system was an inconsistent source of government revenue. This was generally the result of fluctuations in economic activity and business profits. However, it also stemmed from the ability of many of the largest corporations operating in the Province to artificially lower their provincial tax liability.

1988 Reform Initiative

In 1988, the Government introduced a number of corporate and business tax measures as part of a reform initiative. Taxes paid by Saskatchewan-based industry were lowered through:

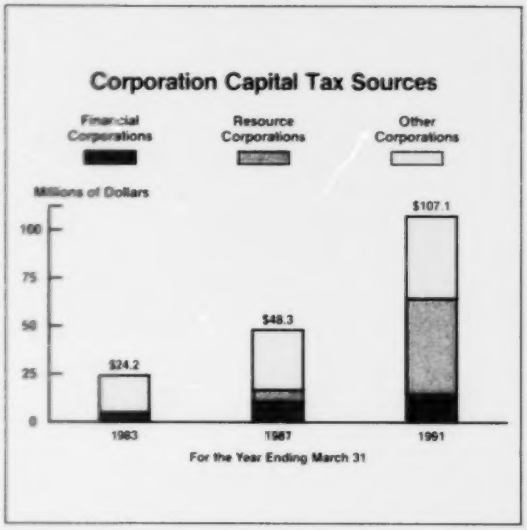
- a reduction of the general Corporation Income Tax rate from 17 per cent to 15 per cent of Taxable Income;
- an extension of the tax holiday for new small businesses; and,
- the introduction of a program to reduce the local business tax.

At the same time, for corporations that the Government felt were not paying a fair share of tax, taxes were increased through:

- the removal of tax preferences that permitted certain corporations to reduce their provincial taxes payable; and,
- increases in the Corporation Capital Tax, including the introduction of the Corporation Capital Tax Surcharge on large resource companies that raises about $50 million annually from corporations generally located outside Saskatchewan.

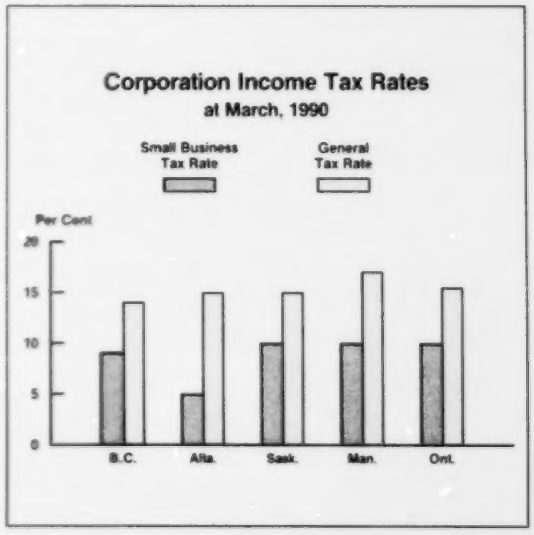
These changes represented a comprehensive reform of business taxation that achieved several objectives.

- **Fairness and Simplicity** were enhanced through the elimination of tax preferences that distorted the allocation of tax revenues by large interprovincial corporations. Domestic industry, which previously had to bear a proportionately higher tax burden, was able to benefit from the tax reductions.
- **Social Policy** was furthered by the increase in corporate tax revenue, which is used to finance government priorities such as health and education.
- **Economic Policy** was advanced by levelling the playing field between competing firms through the removal of tax preferences and the lowering of tax rates.
- **Harmony** was achieved with federal tax reform and with the wishes of business groups through lower tax rates and the removal of tax distortions.
- **Revenue** was raised through increases in the Corporation Capital Tax. The largest increase has been felt by financial institutions and large resource corporations.



Challenges for the 1990s

The corporate tax reform leaves the Government well positioned to meet the challenges of the 1990s. The reformed corporate tax system yields a fair return to residents of Saskatchewan while maintaining competitive tax rates for Saskatchewan business.



Stability of the tax system, rather than further change, is now required to make Saskatchewan a more attractive location for business investment. Therefore, the only change in the corporate tax system for 1990 is the extension of the Corporate Tax Reduction for New Small Businesses for two years, to April 1992.

Saskatchewan's Personal Income Tax

Overview

The Government believes that the Personal Income Tax should be fair and simple while encouraging risk taking and the desire to become more productive in the work place.

Since 1985, the Government has published a number of discussion papers to encourage public debate on personal income taxation. Public consultation is an integral part of the reform process.

As part of last year's budget, the Government published **Saskatchewan's Tax System for the 1990s** which summarized its public consultations held during the year on alternatives to reform the Personal Income Tax. A clear message emerged from those consultations:

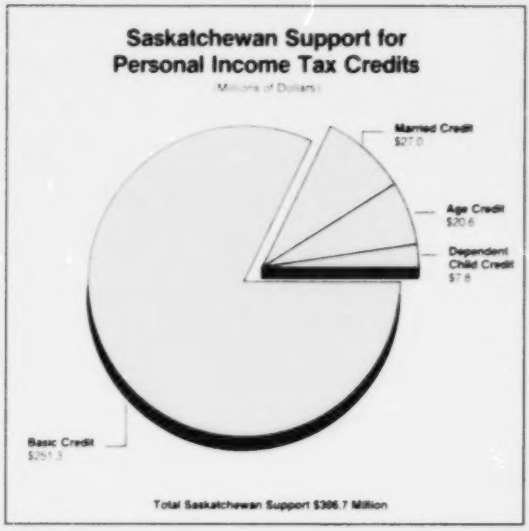
- support for the family must be continued and, if possible, enhanced;
- all individuals must pay their fair share of tax; and,
- the tax system must be made simpler to improve the confidence individuals have in its integrity.

Support for the Family

Saskatchewan's Personal Income Tax is sensitive to family circumstance through its support for non-refundable personal tax credits that form part of the national income tax system and through the application of the Saskatchewan Tax Reduction.

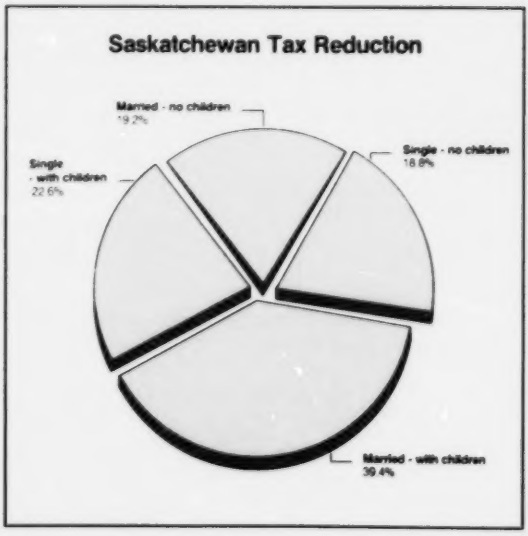
Under federal tax reform, non-refundable tax credits replaced personal exemptions. For example, the married tax credit replaced the married exemption. Tax credits have become the primary means for the national tax system to acknowledge family circumstance in computing an individual's taxes payable. Saskatchewan supported this change as it permits a fairer distribution of provincial and federal tax savings.

For 1990, Saskatchewan's support for non-refundable personal tax credits will generate provincial tax savings of over $300 million for families and individuals.



The Saskatchewan Tax Reduction permits the Government to improve the fairness and progressivity of the Personal Income Tax.

In 1987, the Government significantly altered the Reduction so that provincial tax savings could be substantially increased and targetted to families.



For 1990, the Reduction will provide $52 million in provincial tax relief to over 350,000 lower and middle income provincial residents. These benefits are focused on families, with a special emphasis on assisting families with children.

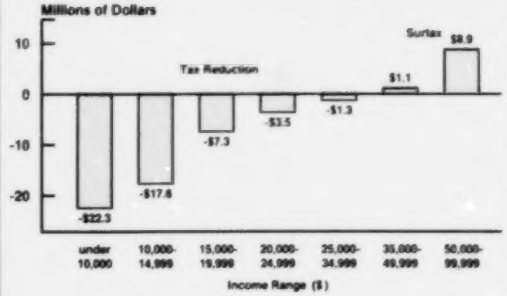
Fairness

By its nature, a tax which is progressively applied to income promotes fairness by levying a higher tax rate on upper income individuals. However, this view of fairness must also be matched with fairness between individuals having similar circumstances.

The Saskatchewan Personal Income Tax relies heavily on the federal income tax system for ensuring fairness. In particular, the Province must use the federal tax base and marginal tax rate structure. It must also accept federal policy changes which do not always correspond to Saskatchewan's notion of fairness.

Saskatchewan has enhanced the fairness of the Personal Income Tax through measures such as the Saskatchewan Tax Reduction and the high income surtax. These policies have created a tax system which is more sensitive to differences in income and family circumstance.

Effect of the Tax Reduction and the Surtax on Personal Income Tax



Simplicity

The current income tax system is a complex array of deductions, exemptions, tax credits and differing tax rates. It challenges all who attempt to file their own income tax returns.

Many find it too difficult to meet the filing requirements and have resorted to hiring tax professionals, incurring costs that most residents would prefer to avoid.

The Personal Income Tax, with the application of the Basic Saskatchewan Tax, Flat Tax, high income surtax and Saskatchewan Tax Reduction, creates a serious challenge to many tax filers. But the Government of Saskatchewan cannot adequately address the issue of complexity on its own. It requires the concurrence of the federal government to simplify the compliance burden for provincial residents.

Challenges for the 1990s

As part of the 1989 budget, Saskatchewan proposed a major reform of its Personal Income Tax that included the following elements:

- the use of Taxable Income as the provincial tax base;
- the application of a unique provincial marginal tax rate structure; and,
- enhanced support for the family.

These initiatives would maintain a fair application of tax that is sensitive to both income and family circumstance, while removing much of the complexity which currently exists in Saskatchewan's Personal Income Tax.

However, since our tax system is administered by the federal government, these changes require the approval of Ottawa under the terms of a bi-lateral tax collection agreement.

Regrettably, the federal government has chosen to virtually ignore the request of several provinces for flexibility to undertake meaningful reform of the Personal Income Tax. As a result, the Government of Saskatchewan is not in a position to implement such reform at this time.

To achieve a manageable tax system for the 1990s, Saskatchewan must succeed in its goal of a simpler, fairer tax system. The Province's

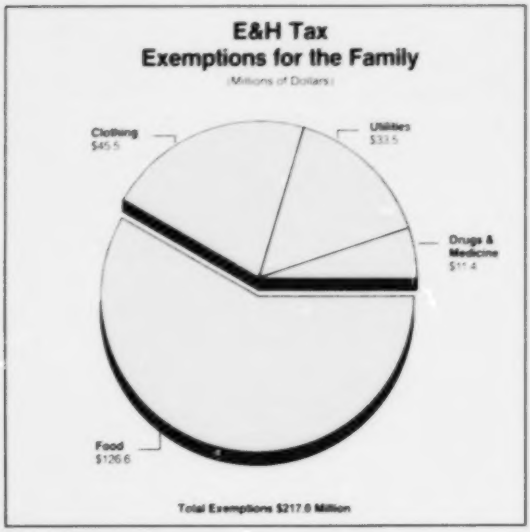
frustration, and that of other provinces, over the lack of progress in federal-provincial discussions is reaching a critical point that may force consideration of other avenues to achieve provincial priorities.

Saskatchewan's Education and Health Tax

Overview

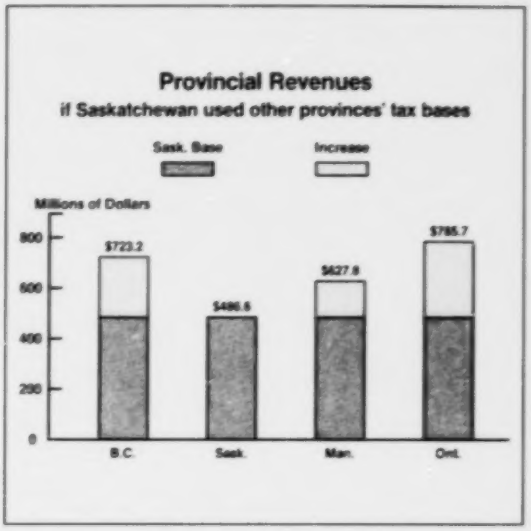
Sales taxes, by their nature as taxes on consumption, are generally not progressive. Saskatchewan, therefore, has had to continually enhance the sensitivity of the E&H Tax to a family's ability to pay tax.

Since 1982, the E&H Tax has been amended so that most family essentials are now exempt from tax. Over $200 million of tax relief is provided annually to Saskatchewan families on goods such as food, clothing, utilities, drugs and medicine.



When compared to sales taxes in other provincial jurisdictions, the E&H Tax now provides the most extensive list of exemptions for family essentials of any province in Canada. While this policy benefits Saskatchewan families, the Province generates considerably less revenue than other provinces levying similar tax rates.

For example, if Saskatchewan adopted the same sales tax base as Manitoba, the Province could generate about 30 per cent more revenue. This is largely because Saskatchewan exempts clothing, restaurant meals and most utilities.



Challenges for the 1990s

The largest challenge facing the E&H Tax is the federal Goods and Services Tax (GST).

Saskatchewan views the GST proposal as unacceptable.

The federal government appears adamant about introducing the GST, in its present form, on January 1, 1991. If this occurs, Saskatchewan must be prepared to respond.

The GST will add a challenging dimension to sales taxation in Saskatchewan and in Canada since it will co-exist with the E&H Tax and the other provincial sales taxes. It is our understanding that this co-existence will create the only dual sales tax environment in the world.

The Government of Saskatchewan believes that the federal government's GST proposal is too complex. The interaction of the GST with the E&H Tax and other provincial levies is one element of this complexity.

Every segment of Saskatchewan's economy will face this added complexity. Saskatchewan is especially concerned about the effect of the GST on our farmers and small businesses.

The federal government abandoned talks with the provinces over a truly national sales tax. The federal government felt compelled by its

own timetable to push ahead with a federal-only tax.

At this time, the GST is progressing through the legislative process in Ottawa. Discussions will continue at the officials level to address issues such as the complexity of the Tax.

As the GST unfolds, the Government of Saskatchewan wants to maintain a dialogue on the issues involving the GST in the Province.

Some issues have already been identified that will directly affect the E&H Tax, such as the inclusion of the GST in the E&H Tax base and the application of the E&H Tax on the full consideration paid for business inputs, including the GST.

These and other issues will have both financial and administrative consequences for Saskatchewan and require careful consideration.

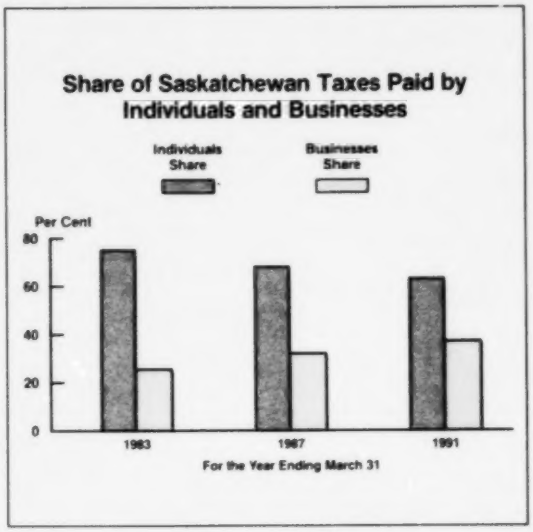
Fairness Between Businesses and Individuals

A clear message has arisen from the public consultation on provincial taxes. Many residents question the fairness of the level of taxation borne by businesses, especially large businesses, and average individuals.

Since 1982, the tax system has undergone significant change which places a smaller share of the tax burden on families and individuals. The results have been:

- a Corporation Capital Tax that generates a substantial increase in revenues from large corporations, while permitting a competitive tax system for Saskatchewan-based businesses;
- a Personal Income Tax that is more sensitive to the economic realities that face lower and middle income earners; and,
- a fairer balance of tax paid by businesses in relation to individuals.

Since 1983, the share of taxes payable by businesses has increased from 25 per cent to almost 40 per cent, with a comparable decline for families and individuals.



1990 Interprovincial Comparison of Personal Taxes and Charges

The following tables show the personal taxes and charges that two representative families would pay across Canada.

The first table presents a family of two adults and two children at an income level of $40,000. The income of the family is assumed to be earned by both spouses, with 60 per cent earned by one and 40 per cent by the other.

The second table presents a family with a single parent and two children, at an income level of $25,000.

The interprovincial comparison that these tables present demonstrates that Saskatchewan maintains a favourable standing in relation to other provinces for combined taxes and charges. In each case, Saskatchewan families enjoy the third lowest personal taxes and charges in the country.

One reason for this is Saskatchewan's E&H Tax, which exempts most family essentials, including food and restaurant meals, labour charges, home heating, electricity expenses and most clothing.

Saskatchewan's favourable standing can also be attributed to having one of the lowest overall charges in the country for car insurance, telephone, home heating and electricity expenses.

Other provinces rely on health care premiums or payroll taxes for a large share of their tax revenues.

What is not considered in this comparison are the many programs which protect families, such as the Mortgage Protection Plan and the Drug Plan.

Conclusion

Saskatchewan's tax system has undergone significant change during the 1980s so that it is better able to achieve the principles of a sound tax system.

The 1990s hold new challenges for Saskatchewan's tax system. The Province cannot stand still. Issues like the GST must be addressed in order that the basic principles of fairness, support for the family, simplicity, economic development and tax harmony are achieved.

Over the course of the year, we will continue our consultations with the Saskatchewan public and with the federal government on taxation issues.

Saskatchewan will take decisive action to ensure that our tax system is positioned to meet future challenges. This paper lays the groundwork for that action.

PERSONAL TAXES AND CHARGES: Family at $40,000 Total Income

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$1,860	$1,664	**$2,426**	$1,958	$1,914	$1,664	$2,167	$2,040	$2,058	$2,239
Tax Credits and Rebates	0	0	**0**	(70)	0	0	0	0	0	0
Health Premiums	744	474	**0**	0	0	0	0	0	0	0
Retail Sales Tax	518	0	**541**	825	900	795	995	923	782	1,354
Gasoline Tax	181	100	**200**	180	226	288	206	180	184	214
Total Taxes	$3,303	$2,238	**$3,167**	$2,893	$3,040	$2,747	$3,368	$3,143	$3,024	$3,807
Car Insurance	$1,012	$ 834	**$ 602**	$ 611	$1,288	$ 655	$ 761	$ 642	$ 586	$ 957
Telephone	191	111	**106**	127	174	162	140	157	151	158
Home Heating	687	494	**611**	733	802	1,090	1,243	1,186	1,288	1,329
Electricity	457	390	**552**	391	538	385	532	600	708	566
Total Charges	$2,347	$1,829	**$1,871**	$1,862	$2,802	$2,292	$2,676	$2,585	$2,733	$3,010
Total	$5,650	$4,067	**$5,038**	$4,755	$5,842	$5,039	$6,044	$5,728	$5,757	$6,817

PERSONAL TAXES AND CHARGES: Single Parent at $25,000 Total Income

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$ 889	$ 916	**$1,062**	$ 761	$ 914	$ 546	$1,034	$ 974	$ 983	$1,069
Tax Credits and Rebates	0	0	**0**	(176)	0	0	0	0	0	0
Health Premiums	744	474	**0**	0	0	0	0	0	0	0
Retail Sales Tax	432	0	**459**	676	768	622	809	758	649	1,140
Gasoline Tax	181	100	**200**	180	226	288	206	180	184	214
Total Taxes	$2,246	$1,490	**$1,721**	$1,441	$1,908	$1,456	$2,049	$1,912	$1,816	$2,423
Car Insurance	$1,012	$ 834	**$ 602**	$ 611	$1,288	$ 655	$ 761	$ 642	$ 586	$ 957
Telephone	191	111	**106**	127	174	162	140	157	151	158
Home Heating	687	494	**611**	733	802	1,090	1,243	1,186	1,288	1,329
Electricity	457	390	**552**	391	538	385	532	600	708	566
Total Charges	$2,347	$1,829	**$1,871**	$1,862	$2,802	$2,292	$2,676	$2,585	$2,733	$3,010
Total	$4,593	$3,319	**$3,592**	$3,303	$4,710	$3,748	$4,725	$4,497	$4,549	$5,433

NOTES:

The income taxes for each province are calculated using known changes for 1990. The tables are based upon a taxpayer claiming two children (one child aged 6 or under and one child aged 12-15). Total income includes earned income and family allowance payments (at 1990 rates). Earned income in Quebec and Alberta has been adjusted to compensate for the different family allowance payments in those provinces. In addition to personal tax credits and the deduction of child care expenses, CPP/QPP and UI contributions, calculated at 1990 rates, are deducted in computing tax. Gross Quebec personal income tax has been reduced by 16.5% of basic federal tax in respect of contracting out of certain federal-provincial programs. Provision is made in the calculation for provincial tax reductions, where applicable.

Tax credits and rebates refer to refundable provincial income tax credits and rebates designed to reduce the burden of retail sales tax and provincial income tax.

Health premiums are annual family premiums for hospital insurance and medical services. No provision is made for employer subsidization of these premiums.

Retail sales tax is based upon average expenditures at the identified gross family income levels from the **Survey of Family Expenditures in 1986** (Statistics Canada micro data file). The expenditures have been adjusted to reflect Saskatchewan consumption patterns. The sales tax base in each province was identified from the various provincial Acts. On this basis, estimates of total taxable family expenditures in each province were prepared.

Gasoline tax is based on an annual consumption of 2,000 litres of unleaded gasoline.

The following cities were surveyed for the remaining charges: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal, Saint John, Halifax, Charlottetown and St. John's. All rates are as at February, 1990, unless otherwise indicated.

Car insurance premiums are based on the rate for a male, over 30 years of age, driving a 1985 Chevrolet Caprice Classic. Coverage includes $500,000 third party liability, $250 deductible collision (Saskatchewan $200, British Columbia $300) and $50 deductible comprehensive (Manitoba $250). Rates are as at March 1, 1990.

The telephone charge is for the main telephone in an individual residence. Rates include applicable municipal taxes and surcharges, but do not include provincial retail sales tax.

Home heating charges are based on an annual consumption of 150 mcf of natural gas. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of fuel oil. Rates include applicable municipal taxes and surcharges, but do not include provincial retail sales tax.

Charges for electricity are based on an annual consumption of 7,200 kWh. Rates include applicable municipal taxes and surcharges, but do not include provincial retail sales tax.

1990 Saskatchewan Tax Expenditures

Introduction

The Government of Saskatchewan's tax system has a number of provisions which are designed to achieve certain important economic and social objectives.

These provisions are generally called "tax expenditures". Simply stated, they result when governments choose to spend money by deciding to not collect taxes. When governments reduce taxes for particular groups or individuals, so that they pay less tax than others do, the resulting benefits for those groups or individuals are called "tax expenditures".

Tax expenditures can take many forms. They occur when governments decide to postpone or forgo revenues through such measures as exemptions, deductions, tax credits, preferential tax rates, deferrals or omissions. These measures each provide special or preferential treatment to certain taxpayers or to certain types of economic activities. Together, they provide assistance to a variety of individuals and corporations, including families, farmers, senior citizens and small businesses.

In the 1990s, this type of government activity will be subjected to increased examination by the public. This will put greater pressure on governments throughout Canada to ensure that their tax expenditures are managed as well as their direct spending. There will be greater pressure to balance their costs against their overall benefits.

There are many reasons for using tax expenditures. They can enhance the fairness of the tax system, particularly in the Personal Income Tax. They can promote certain types of economic activity such as the start-up of a new business. They can ensure that everyone has untaxed access to certain types of goods and services.

Associated Costs

The introduction of any tax expenditure results in associated costs. These costs can be considered in several ways.

- First, there is the cost of forgone revenues. Tax expenditures have as significant an effect on a government's financial position as direct spending. However, estimating their impact is difficult, since their use is frequently unreported and not subject to restriction. While governments can account for direct spending, they can only estimate the value of tax expenditures.

- Second, tax expenditures result in increased complexity and decreased efficiency in the tax system. For example, this type of cost will result from the federal government's Goods and Services Tax (GST). The proposed exemption for "basic groceries" and the taxation of other food products will create numerous complexities in the GST for both consumers and retailers.

- Third, tax expenditures also create distortions in consumer and economic behaviour. For example, in a sales tax system, tax expenditures can increase demand for the products that are exempt and reduce demand for the products that are not.

- Finally, tax expenditures usually create increased compliance costs. These can be seen in many ways. The filling out of income tax forms is more complicated as a result of the tax expenditures in the income tax system. Exemptions from sales taxes require the businesses collecting those taxes to be aware of what is taxable and what is not. Retailers also have to show on their receipts what has or has not been taxed.

Challenges for the 1990s

In the 1990s, it will be a challenge for governments to balance the demand for more tax expenditures against the associated costs.

The demands will be greater since Canadians have come to expect that certain social programs will be delivered through the tax system, especially through the Personal Income Tax and through the country's sales taxes. These expectations often give certain tax expenditures a life of their own which lasts perhaps far longer than their creators originally envisioned.

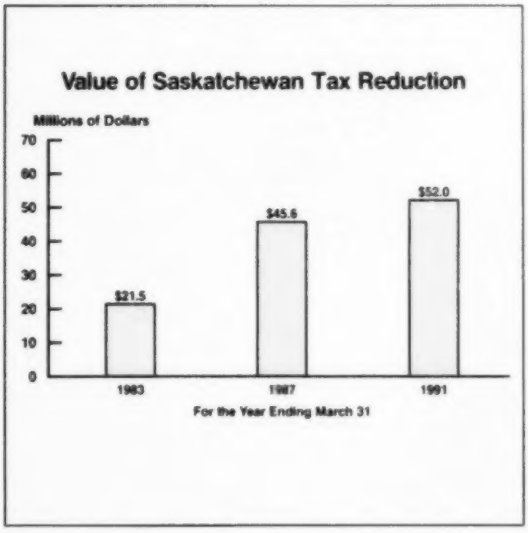
Certain tax expenditures have come to be viewed as fundamental elements of the tax system. For example, the Basic Personal Tax Credit (formerly the "Basic Exemption") in the

national income tax system results in a provincial revenue loss of about $250 million per year.

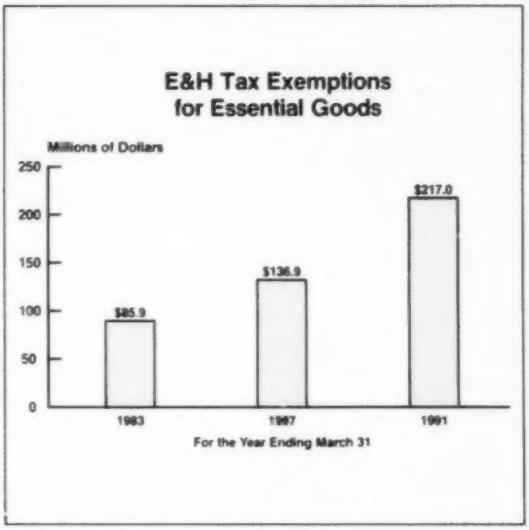
1990 Tax Expenditures

Traditionally, Saskatchewan has presented a tax expenditure account that focuses on a single year. This year, this paper highlights the growth of two important tax expenditures in Saskatchewan.

- The Saskatchewan Tax Reduction enhances the progressivity of the Personal Income Tax. For 1990, it will lower provincial taxes for over 50 per cent of Saskatchewan's families and individuals. For many residents, the Tax Reduction will reduce their Saskatchewan income tax otherwise payable to zero.



- Saskatchewan's provincial sales tax, the Education and Health Tax, exempts most essential goods, such as: food; most clothing and footwear; drugs and medicines; home and farm electricity; and, natural gas.



The following tables provide, in greater detail, estimates of the major tax expenditures that will benefit Saskatchewan residents in 1990.

Government of Saskatchewan
1990 Tax Expenditure Accounts
(Value of Tax Expenditures in Millions of Dollars)

Sales Taxes

Exemptions	
1. Clothing, footwear and yard goods	$ 39.7
2. Children's clothing and footwear	5.8
3. Construction services	163.1
4. Drugs and medicines	11.4
5. Electricity - residences, farms and recreation facilities	12.6
6. Farm machinery and repair parts	34.6
7. Fertilizer, pesticide and seed	36.4
8. Food	126.6
9. Personal services	26.8
10. Reading materials	7.4
11. Services for repairs to personal property	22.8
12. Used goods	17.8
13. Natural gas	20.9

Fuel Tax

1. Exemption for farm activity	$109.8
2. Exemption for primary producers	1.0
3. Exemption for heating fuels	9.8

Individual Income Tax

Deductions from Income	
1. Allowable employment expenses	$ 8.0
2. Annual union, professional or like dues	5.7
3. Registered Pension Plan contributions	17.8
4. Registered Retirement Savings Plan contributions	43.4
5. Moving expenses	1.0
6. Carrying charges	6.9
7. Child care expenses	1.1
8. Capital gains deduction	31.2
Personal Tax Credits	
1. Basic Personal Tax Credit	$251.3
2. Married Tax Credit	27.0
3. Dependent Children Tax Credit	7.8
4. Age Tax Credit	20.6
Other Tax Credits	
1. Canada Pension Plan Contributions Tax Credit	$ 12.6
2. Unemployment Insurance Premiums Tax Credit	13.4
3. Pension Income Tax Credit	2.7
4. Charitable Contributions Tax Credit	17.4
5. Medical Expenses Tax Credit	2.1
6. Tuition and Education Tax Credits	2.6

Provincial Tax Measures

1. Saskatchewan Tax Reduction	
- $200 Sales Tax Reduction	$ 30.8
- $300 Spousal Tax Reduction	7.0
- $200 per Dependent Child Tax Reduction	13.5
- $200 per Senior Citizen Tax Reduction	3.9
2. Saskatchewan Tax Incentives Program	
- Labour-sponsored Venture Capital Tax Credit	2.0

Corporation Income Tax

1. Lower tax rate for small business	$ 19.8
2. Tax holiday for new small business corporations	2.0
3. Saskatchewan Royalty Tax Rebate	5.0

Corporation Capital Tax

1. General exemption of $10,000,000	$ 19.1
2. Exemption for co-operatives, credit unions, family farm corporations and insurance companies	6.3

The tax expenditure estimates were calculated using tax collection data and Statistics Canada data. An income tax simulation model was employed for the individual income tax measures.

For further information on Saskatchewan's Tax Expenditures, please contact:

Saskatchewan Finance
Taxation and Economic Policy Division
6th Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6722

1990 Saskatchewan Tax Initiatives

Introduction

The Saskatchewan Budget contains no tax increases for 1990. It does, however, contain a few minor tax adjustments that affect a small number of Saskatchewan businesses.

This paper describes in more detail the tax changes introduced with this budget. Due to the summary nature of these descriptions, the reader is advised to contact the department responsible or consult the appropriate legislation for more precise information.

Corporation Income Tax

In 1986, the Province introduced the Corporate Tax Reduction for New Small Businesses to encourage the start-up of new business activities.

The Reduction provides qualifying new small businesses, which have incorporated in Saskatchewan after March 26, 1986, with a provincial income tax holiday during their first two taxation years. Since 1986, the tax holiday has assisted over 750 new businesses to become established in the Province.

The Corporate Tax Reduction will be extended so that it will apply to qualifying new small businesses that incorporate and commence business activity prior to April 1, 1992.

For further information on the Corporate Tax Reduction, please contact:

Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-7773

Education and Health Tax

Mobile Homes and Ready to Move Homes

The Province currently levies the full 7.0 per cent Education and Health Tax rate on the purchase of mobile homes and ready to move homes sold for residential use.

Other forms of residential accommodation available in the Province, including stick built homes, face a lower provincial sales tax burden because the builder is only required to pay tax on his materials.

This has resulted in an inequitable tax situation for this provincial industry and has contributed to a significant decline in sales of mobile homes and ready to move homes.

Effective midnight budget night, the tax rate on mobile homes and ready to move homes will be reduced from the 7.0 per cent rate to 3.5 per cent.

Homes which were fully or partially paid for prior to March 30, 1990 but delivered on or after March 30, 1990 are subject to the 3.5 per cent rate.

Aquaculture

The Province currently exempts most farm inputs from the Education and Health Tax. This exemption applies to a wide range of farming activities, most notably grain farming and livestock production.

Effective midnight budget night, the Province will add aquaculture to the list of farming activities eligible for input exemptions under the Education and Health Tax.

For further information on the Education and Health Tax, please contact:

Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6645 or 787-6650

Corporation Capital Tax

In 1988, the Province introduced the Corporation Capital Tax Surcharge on large resource corporations. The Surcharge is equal to the difference between 2.0 per cent of the corporation's value of resource sales and its existing Corporation Capital Tax.

The Surcharge was primarily intended as a means of ensuring that large, interprovincial resource corporations pay a fair share of Saskatchewan corporate taxes. For this reason, corporations having less than $10 million in taxable paid-up capital are not subject to either the Corporation Capital Tax or the Surcharge.

To provide further tax relief for smaller resource corporations, the Province is introducing a deduction of up to $50,000 per year from the Surcharge. This deduction will apply to resource corporations operating in Saskatchewan, whose total assets do not exceed $100 million.

Benefits derived from the Surcharge deduction will be dependent upon the portion of total wages and salaries paid by the corporation to its Saskatchewan employees. Maximum benefits will be received by corporations which allocate all their wages and salaries to Saskatchewan.

For further information on the Corporation Capital Tax, please contact:

Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-7773

1990-91 Capital Financing Program

Under the direction of the Minister of Finance, Saskatchewan's Capital Financing Program involves the raising of funds, through the issue and sale of Province of Saskatchewan securities, to assist in the financing of Crown corporation capital budgets, as well as for general government purposes. As indicated below, the 1990-91 Capital Financing Program is estimated at $1,895 million of which $1,164 million is for Crown corporations and $731 million is for Government purposes.

With respect to financing sources, it is estimated that $100 million will be available to the Province in 1990-91 from the Canada Pension Plan Investment Fund. Consequently, $1,795 million will be raised in capital markets to complete the 1990-91 Capital Financing Program.

While the Canadian domestic capital market has been and will continue to be the primary source of capital for the Government, a strategy of positioning the Province in all major international markets has been adopted in recognition of the global financial marketplace. The capital markets of Europe, the United States and Japan are important sources of financing for the Province.

The estimated Capital Financing Program net of an $818 million estimated debt redemption for 1990-91 will result in an increase in gross debt of the Province of $1,077 million to $12,224 million, at March 31, 1991. Approximately 60 per cent of the Province's gross debt will be incurred for the purpose of Crown corporations, such as Saskatchewan Power Corporation and Saskatchewan Telecommunications. These enterprises are responsible for the repayment of principal and interest.

Province of Saskatchewan
Capital Financing Program
Estimated Application and Sources of Borrowing Requirement

For the Year Ending March 31, 1991

		Amount
		(Thousands of Dollars)
Estimated Application of Borrowing Requirement		
Crown Corporations		
Agricultural Credit Corporation of Saskatchewan	$	200,000
Crown Investments Corporation of Saskatchewan		263,900
Municipal Financing Corporation of Saskatchewan		30,000
Saskatchewan Economic Development Corporation		97,500
Saskatchewan Power Corporation		250,000
Saskatchewan Property Management Corporation		182,100
Saskatchewan Telecommunications		75,000
Saskatchewan Water Corporation		65,400
Total Crown Corporations	$	1,163,900
Government		
Budgetary Deficit	$	363,145
Debt Repayment		368,452
Total Government	$	731,597
Total Borrowing Requirement	$	1,895,497
Estimated Sources of Borrowing Requirement		
Canada Pension Plan Investment Fund	$	100,000
Capital Markets		1,795,497
Total Borrowing Requirement	$	1,895,497

The Saskatchewan Economy

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The Saskatchewan Economy

Introduction

The livelihood of Saskatchewan residents is dependent upon the health of the Province's economy. This paper examines the evolution of the current state of the Saskatchewan economy, with particular reference to those factors that are generally most important to the people of Saskatchewan.

The paper presents a number of standard measures of the overall economic well-being of the Province, focusing on:

- employment levels and unemployment rates as measures of the ability to find a job and to keep it;
- sources and levels of personal income as measures of personal involvement in the Province's economy; and,
- the effects of inflation.

Certain other indicators, though not in themselves direct measures of economic well-being, are also discussed, including:

- the level of economic production, its annual growth rate and degree of stability; and,
- the extent of diversification in the Saskatchewan economy.

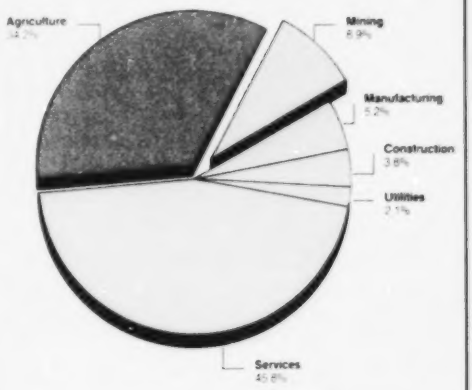
Growth and Diversification

Saskatchewan is a major producer of agricultural and resource commodities. The Province's grains, oilseeds, livestock, oil, natural gas, potash and uranium are sold around the world. However, the nature of Saskatchewan's economy is evolving as world markets change.

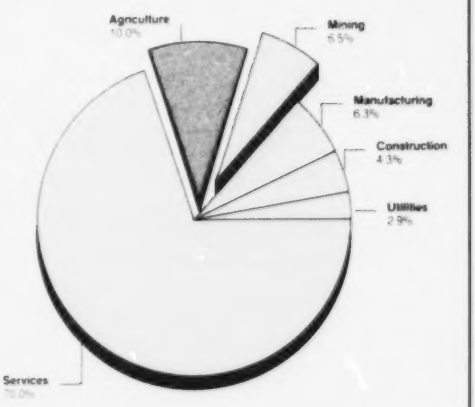
In 1963, the primary sector, consisting of agriculture and mining, peaked at 43 per cent of the total value of economic production.

Through most of the 1980s, Saskatchewan's economic growth was restrained by the coincident downturn of most of its major resource exports due to world price instability. Persistent weaknesses in major commodity prices, combined with the recurring drought, reduced the primary sector's share of total production to 17 per cent in 1988.

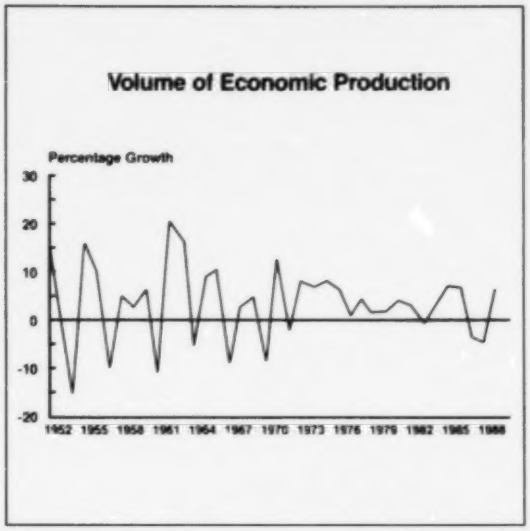
1963 Economic Production By Sector

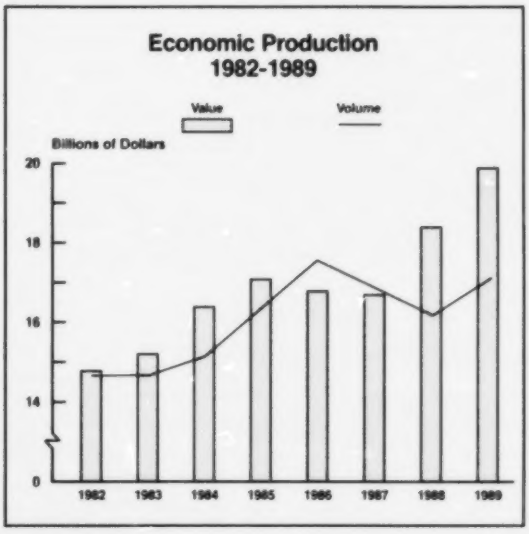


1988 Economic Production By Sector



Historically, reliance on primary industries has resulted in a volatile Saskatchewan economy. Annual growth rates in the volume of economic production have fluctuated in the +20 per cent to -15 per cent range. However, major investments are diversifying the economy and reducing its vulnerability to unstable resource prices.





The Saskatchewan economy is diversifying. The swings in the economy's annual growth rate have diminished. Services, manufacturing, utilities, and construction have grown in importance. Developments in the service sector have been especially important for both creating jobs and raising the income levels of the Saskatchewan people.

Economic diversification, however, complements, but does not replace, agriculture and mining. Resource exports such as grains, oil, potash, and uranium will likely continue to be major driving forces behind the economic development of the Province.

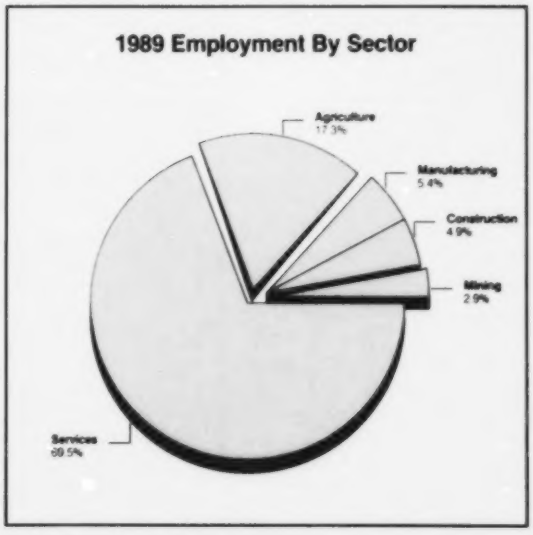
Diversification will reduce the Province's dependence on natural resources to sustain economic activities. This trend will make the Province less vulnerable to uncontrollable changes in production and world markets.

Employment

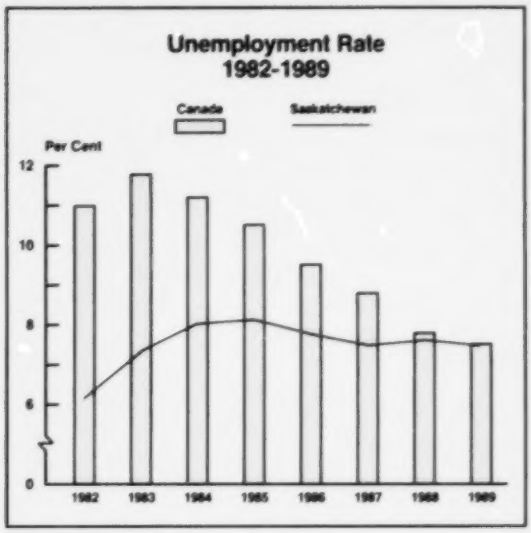
In the 1980s, the significant job growth in the service sector has offset the decline in the number of persons employed in agriculture and natural resources. Employment in the production of goods, whether in agriculture, minerals, manufactures, or construction, is now dwarfed by employment in the provision of services.

There were 100,000 persons employed in Saskatchewan's primary industries in 1980. This number had dropped to 90,000 by 1989. On the other hand, employment in the service sector increased by 43,000 during the same period. This growth occurred particularly in: transportation, communication and storage; wholesale and retail trade; and, finance, insurance and real estate.

Employment in the service sector accounted for about 70 per cent of total employment in 1989. This means that seven out of ten employed persons in Saskatchewan are now in the service sector.

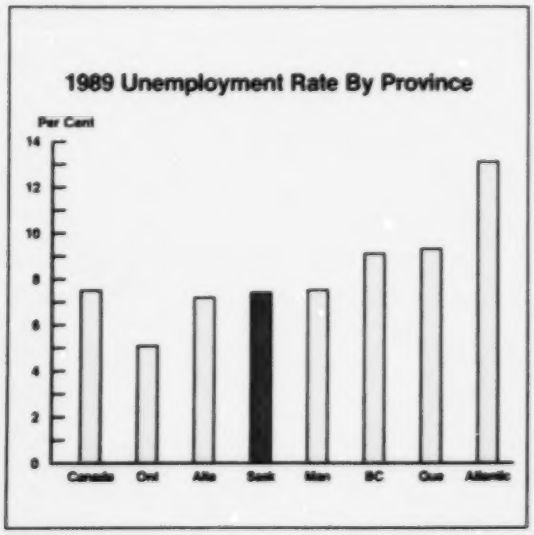


The unemployment rate reflects the percentage of the labour force which is unemployed. It indicates the relative ease or difficulty of finding work in the Province.



Saskatchewan has a favourable record in keeping its unemployment rate low. In 1989, the Province's unemployment rate was the third lowest among the provinces.

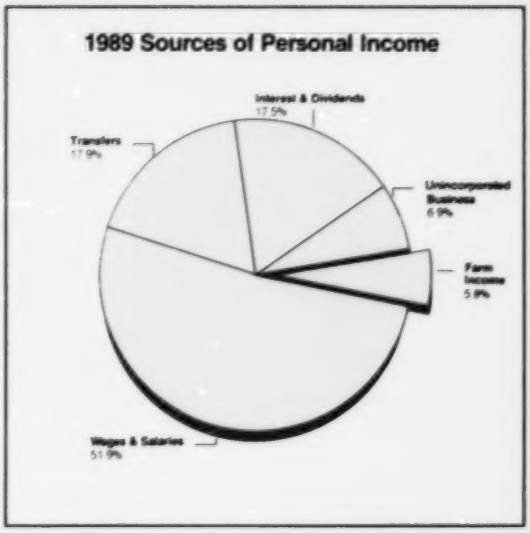
The Province's unemployment rate has historically been about two-thirds to three-quarters of the national level and about one-half of the Atlantic Provinces' average.



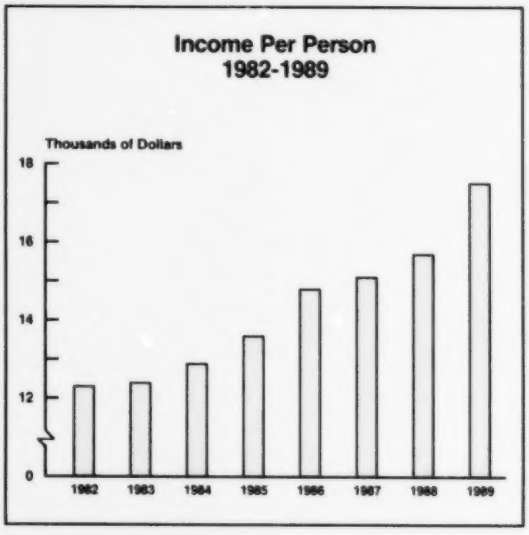
Incomes and Inflation

Personal incomes rose steadily in Saskatchewan during the 1980s, reaching $17.7 billion in 1989. Of the components of personal income, wages and salaries has been the most stable, representing well over half of total personal income in 1989.

Farm income, including changes in farm inventories, comprised about six per cent of total income in 1989. Farm income is the most unstable of all income sources since it rises or falls with fluctuations in crop harvests and prices. During downturns, support payments from governments alleviate the problem, but by no means solve it.



Growth in income per person provides a measure of how living standards in Saskatchewan have improved. There has been a significant improvement in the average income of Saskatchewan people in the past decade, as it has risen by an average of 6.7 per cent per year.



The Consumer Price Index is a measure of the cost of a fixed basket of goods. The rate of inflation is reflected by the percentage change in the Consumer Price Index.

Throughout the 1980s, Saskatchewan's inflation rate has been generally below the national average.

After accounting for inflation, personal income and income per person have increased between 2.0 per cent and 2.5 per cent annually over the past decade, despite the boom and bust cycle of agriculture and mining. This is due largely to growth in service sector employment and economic diversification in the Province.

Conclusion

According to the most basic measures of economic performance, Saskatchewan has fared well, even in the face of economic and climatic adversities.

Looking ahead, Saskatchewan will continue to face many challenges in the 1990s. High interest rates and the national economic slowdown that is expected, volatile resource prices, protectionism among our trading partners and accelerating farm subsidies in the United States and Europe are the critical issues that must be addressed.

Continued diversification of the provincial economy will help to insulate the people of Saskatchewan from adverse conditions in any one industry or market. Large and small projects such as the bi-provincial heavy oil upgrader at Lloydminster, the Delsa food processing plant in Delisle, the Meadow Lake pulp mill and the Austrak tractor plant in Weyburn will provide new opportunities, not only in terms of direct employment but also in the spin-offs they will generate.

In the long term, the primary sector will still play an important role in the Saskatchewan economy. However, its performance will be only one of many determinants of growth in the economy and the living standards of Saskatchewan people in the 1990s.

Province of Saskatchewan
Summary of Economic Indicators

	1985	1986	1987	1988	1989*
Gross Domestic Product - Current Market Prices					
- Millions of Dollars	17,134	16,821	16,754	18,357	19,862
Annual Rate of Change - Per Cent	4.4	-1.8	-0.4	9.6	8.2
Per Capita - Dollars	16,992	16,651	16,493	18,125	19,724
Gross Domestic Product - Constant 1981 Dollars					
- Millions of Dollars	16,392	17,572	16,932	16,168	17,203
Annual Rate of Change - Per Cent	7.7	7.2	-3.6	-4.5	6.4
Per Capita - Dollars	16,255	17,395	16,668	15,964	17,083
Personal Income					
- Millions of Dollars	13,681	14,999	15,327	15,947	17,664
Per Capita - Dollars	13,567	14,847	15,089	15,746	17,541
Farm Cash Receipts					
- Millions of Dollars	4,056	4,150	4,370	4,438	4,597
Value of Manufacturing Shipments					
- Millions of Dollars	2,983	3,032	3,148	3,187	3,462
Value of Retail Sales					
- Millions of Dollars	4,704	4,999	5,254	5,505	5,584
Value of Mineral Sales					
- Millions of Dollars	3,652	2,549	3,202	2,923	2,908
Private and Public Investment					
- Millions of Dollars	5,503	5,135	5,749	6,184	6,013
Housing Starts					
- Units	5,354	5,510	4,895	3,856	1,906
Consumer Price Index - Annual Percentage Change					
Regina	3.7	2.1	4.9	4.3	4.5
Saskatoon	3.5	4.1	4.9	4.5	4.0
Canada	4.0	4.1	4.4	4.1	5.0
Population and Labour Force - Thousands					
Population **	1,008	1,010	1,016	1,013	1,007
Labour Force ***	485	489	489	488	482
Employed Labour Force ***	446	452	453	451	446
Unemployed Labour Force ***	39	37	36	37	36
Unemployment Rate - Per Cent* **					
Saskatchewan	8.1	7.7	7.4	7.5	7.4
Canada	10.5	9.5	8.8	7.8	7.5

* Preliminary. 1989 Gross Domestic Product and Personal Income were estimated by Conference Board of Canada.
** As of June 1.
*** Annual averages.

Sources: Saskatchewan Bureau of Statistics.
Saskatchewan Energy and Mines.
Statistics Canada.
Conference Board of Canada.

Personal Income, Saskatchewan

(Millions of Dollars)

	1985	1986	1987	1988	1989*
Wages, Salaries and Supplementary Labour Income**	7,520	7,918	8,248	8,615	9,173
Net Income Received by Farm Operators from Farm Production***	432	1,133	762	434	1,021
Net Income of Non-Farm Unincorporated Business	966	1,032	1,084	1,141	1,224
Interest, Dividends and Miscellaneous Investment Income	2,271	2,306	2,430	2,737	3,083
Current Transfers from Government, Corporations and Non-Residents	2,492	2,610	2,803	3,021	3,163
Total	13,681	14,999	15,327	15,947	17,664

* Preliminary. Conference Board of Canada estimate.
** Includes military pay and allowances.
*** Includes adjustments to Gross Domestic Product basis.

Note: Components may not add to totals due to rounding.

Sources: Saskatchewan Bureau of Statistics.
Conference Board of Canada.

Farm Cash Receipts, Saskatchewan

(Millions of Dollars)

	1985	1986	1987	1988	1989*
Wheat	1,682	1,626	1,523	1,604	1,481
Other Principal Grains**	878	629	521	575	794
Livestock***	589	609	683	761	823
Miscellaneous	221	329	323	299	310
Total	3,370	3,193	3,050	3,240	3,408
Other Payments	686	957	1,319	1,199	1,189
Total Farm Cash Receipts	4,056	4,150	4,370	4,438	4,597

* Preliminary.
** Includes oats, barley, rye, rapeseed, CWB payments, deferred and liquidation of deferred grain receipts.
*** Includes cattle, calves, hogs, sheep and lambs.

Note: Components may not add to totals due to rounding.

Source: Statistics Canada.

Value of Manufacturing Shipments, Saskatchewan

(Millions of Dollars)

	1985	1986	1987	1988	1989*
Food	889	871	941	986	1,044
Wood	126	137	145	132	139
Metal Fabrication	96	101	93	101	97
Electrical and Electronic	180	199	198	208	220
Non-Metallic Minerals	109	118	120	87	85
Chemicals and Chemical Products	168	189	185	221	296
Others	1,415	1,417	1,466	1,451	1,582
Total	2,983	3,032	3,148	3,187	3,462

* Preliminary.

Note: Components may not add to totals due to rounding.

Source: Statistics Canada.

Private and Public Investment, Saskatchewan

(Millions of Dollars)

	1985	1986	1987	1988	1989*
New Construction					
Primary Industries	982	504	533	773	542
Manufacturing	22	73	259	275	236
Utilities	384	430	341	419	449
Housing	692	692	953	947	900
Trade, Finance and Services	159	189	190	205	137
Institutions, Government	507	548	549	484	599
Total New Construction	2,744	2,436	2,825	3,103	2,863
New Machinery and Equipment					
Primary Industries	682	583	518	515	562
Manufacturing	84	122	249	293	207
Utilities	233	192	219	248	295
Trade, Finance and Services	252	299	371	297	256
Institutions, Government	98	141	130	137	154
Total New Machinery and Equipment	1,349	1,337	1,487	1,490	1,475
Total New Capital Expenditures	4,093	3,773	4,311	4,593	4,339
Repairs					
Expenditures on Construction	529	524	562	658	709
Expenditures on Machinery	881	837	876	933	966
Total Repairs	1,410	1,361	1,438	1,591	1,675
Total	5,503	5,135	5,749	6,184	6,013

* Preliminary.

Note: Components may not add to totals due to rounding.

Sources: Saskatchewan Bureau of Statistics.
Statistics Canada.

Value of Mineral Sales, Saskatchewan

(Millions of Dollars)

	1985	1986	1987	1988	1989*
Crude Oil	2,252	1,174	1,515	1,044	1,170
Potash	622	550	671	974	882
Uranium	456	457	637	463	380
Coal	86	83	92	110	100
Sodium Sulphate	30	30	22	22	23
Natural Gas	120	170	167	206	284
Others	86	85	99	102	69
Total	3,652	2,549	3,202	2,923	2,908

* Preliminary.

Note: Components may not add to totals due to rounding.

Sources: Saskatchewan Energy and Mines.
Saskatchewan Bureau of Statistics.

Crude Oil Statistics, Saskatchewan

	1985	1986	1987	1988	1989*
Value of Land Sales - Millions of Dollars	149	18	60	35	36
Oil Field Expenditures - Millions of Dollars	1,013	215	305	352	241
Wells Drilled - Number **	3,851	1,079	1,602	2,087	1,498
Crude Oil Production - Millions of Cubic Metres					
Light Gravity	3.9	4.1	4.0	4.1	3.9
Medium Gravity	3.8	3.9	4.4	4.4	4.3
Heavy Gravity	3.8	3.7	3.7	3.7	3.4
Total	11.6	11.7	12.1	12.2	11.6

* Preliminary.
** Includes all drilling.

Note: Components may not add to totals due to rounding.

Source: Saskatchewan Energy and Mines.

1990-91 Budget Detail

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Province of Saskatchewan
Combined Funds
Statement of Financing and Changes in Financial Position

For the Year Ending March 31

	Estimated 1991	Estimated 1990	Actual 1989
		(Thousands of Dollars)	
Budgetary Transactions			
Revenue	**$ 4,278,200**	$ 4,083,400	$ 3,695,119
Expenditure	**4,641,345**	4,309,460	4,019,516
Excess of Revenue over Expenditure	**$ (363,145)**	$ (226,060)	$ (324,397)
Loan, Investment and Deposit Activity (Non-Budgetary)			
Receipts	**$ 472,281**	$ 562,559	$ 1,901,135
Disbursements	**1,296,837**	830,857	2,174,821
Excess of Receipts over Disbursements	**$ (824,556)**	$ (268,298)	$ (273,686)
Non-Cash (Gain) on Swap of Foreign Debt	**$ ---**	$ ---	$ (43,773)
Net Cash (Requirement)	**$ (1,187,701)**	**$ (494,358)**	$ (641,856)
Financing			
Public Borrowing:			
Proceeds from Debt	**$ 1,895,497**	**$ 1,097,663**	$ 1,153,202
Repayment of Debt	**817,881**	**721,551**	565,062
Increase in Public Borrowing	**$ 1,077,616**	**$ 376,112**	$ 588,140
Decrease (Increase) in Current Assets	**$ 110,085**	**$ 118,246**	$ 53,716
Total Financing	**$ 1,187,701**	**$ 494,358**	$ 641,856

Note: The Combined Funds represent a combination of the Consolidated Fund and the Saskatchewan Heritage Fund. Transactions between the Funds, such as the dividend from the Saskatchewan Heritage Fund to the Consolidated Fund, are eliminated to avoid double counting.

Province of Saskatchewan
Combined Funds
Statement of Financial Position

As at March 31

	Estimated 1991	Estimated 1990*	Actual 1989
		(Thousands of Dollars)	
Assets			
Current Assets	$ 164,035	$ 274,120	$ 392,366
Loans to Crown Entities:			
Agricultural Credit Corporation of Saskatchewan	663,943	613,943	772,343
Crown Investments Corporation of Saskatchewan	2,163,943	2,163,157	1,507,890
Municipal Financing Corporation of Saskatchewan	106,711	76,711	54,724
Saskatchewan Economic Development Corporation	179,266	97,766	61,566
Saskatchewan Grain Car Corporation	39,550	39,550	39,550
Saskatchewan Housing Corporation	317,304	317,304	317,304
Saskatchewan Power Corporation	1,837,416	1,590,919	2,218,620
Saskatchewan Property Management Corporation	730,486	548,386	385,136
Saskatchewan Telecommunications	807,362	749,174	756,274
Saskatchewan Water Corporation	133,987	68,587	2,037
Less Crown Corporation Equity in Sinking Funds	(477,156)	(436,236)	(419,339)
Less Loan Loss Provision	(63,979)	(63,979)	(63,979)
Other Loans	644,527	597,872	536,147
Investments in Crown Entities:			
Crown Investments Corporation of Saskatchewan	1,031,544	967,044	907,044
Investment in Agricultural Land and Related Assets	134,098	137,698	141,298
Other Investments	2,936	2,936	2,936
Total Assets	$ 8,415,973	$ 7,744,952	$ 7,611,917
Liabilities			
Promissory Notes	$ 1,598,963	$ 1,598,963	$ 1,508,650
Treasury Bills	650,000	650,000	650,000
Debentures	9,975,632	8,898,016	8,612,217
Gross Debt	$ 12,224,595	$ 11,146,979	$ 10,770,867**
Less Total Equity in Sinking Funds	(493,721)	(449,068)	(430,610)
Net Public Debt	$ 11,730,874	$ 10,697,911	$ 10,340,257
Amounts Due to Other Crown Entities	149,731	149,731	149,731
Other Liabilities	6,954	6,954	6,954
Total Liabilities	$ 11,887,559	$ 10,854,596	$ 10,496,942
Province's Equity (Net Debt)	$ (3,471,586)	$ (3,109,644)	$ (2,885,025)
Total Liabilities and Province's Equity (Net Debt)	$ 8,415,973	$ 7,744,952	$ 7,611,917

* Estimated 1990 figures have been adjusted to reflect Actual 1989.

** Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

Province of Saskatchewan
Combined Funds
Statement of Province's Equity (Net Debt)

For the Year Ending March 31

	Estimated 1991	Estimated 1990 *	Actual 1989
		(Thousands of Dollars)	
Total Budgetary Revenue	$ 4,278,200	$ 4,083,400	$ 3,695,119
Total Budgetary Expenditure	4,641,345	4,309,460	4,019,516
Excess of Budgetary Revenue over Budgetary Expenditure	$ (363,145)	$ (226,060)	$ (324,397)
Province's Equity (Net Debt), Beginning of Year	(3,109,644)	(2,885,025)	(2,517,431)
Equity Adjustments - Net	1,203	1,441	(43,197)
Province's Equity (Net Debt), End of Year	$ (3,471,586)	$ (3,109,644)	$ (2,885,025)

* Estimated 1990 figures have been adjusted to reflect Actual 1989.

Province of Saskatchewan
Combined Funds
Statement of Budgetary Revenue

For the Year Ending March 31

	Estimated 1991	Estimated 1990*	Actual 1989*
		(Thousands of Dollars)	
Provincial Taxes			
Corporation Capital	$ 107,100	$ 100,000	$ 86,946
Corporation Income	143,100	148,300	128,294
Fuel	206,000	204,100	144,442
Individual Income	896,700	869,000	847,838
Sales	530,300	502,600	498,634
Tobacco	103,000	107,000	99,066
Other Taxes	35,800	35,500	33,427
Total Provincial Taxes	$ 2,022,000	$ 1,966,500	$ 1,838,647
Receipts from Government Enterprises And Other Funds			
Crown Investments Corporation of Saskatchewan	$ 310,000	$ 200,000	$ - - -
Saskatchewan Liquor Board	190,000	215,000	194,000
Other Receipts	4,600	4,900	25,013
Total Receipts from Government Enterprises and Other Funds	$ 504,600	$ 419,900	$ 219,013
Other Own Source Revenues			
Agricultural Lands Revenue	$ 24,800	$ 16,100	$ 19,507
Fines, Forfeits and Penalties	10,500	9,800	8,977
Interest, Premium, Discount and Exchange	27,800	26,300	19,309
Non-Renewable Resources:			
- Coal	14,700	14,400	14,853
- Natural Gas	48,900	33,200	36,337
- Oil	242,000	173,600	187,862
- Potash	66,100	120,100	96,080
- Uranium	20,900	26,700	17,517
- Other	3,100	1,700	2,886
Privileges, Licences and Permits:			
- Lands, Forests, Game, Fur and Fisheries	11,700	11,500	11,769
- Motor Vehicles	83,800	80,700	79,291
- Other	13,400	32,900	12,707
Sales, Services and Service Fees	45,100	43,200	37,867
Other Revenues	19,800	18,000	18,130
Total Other Own Source Revenues	$ 632,600	$ 608,200	$ 563,092
Receipts from Other Governments			
Canada Assistance Plan	$ 162,000	$ 159,300	$ 154,916
Equalization Payments	510,000	440,000	454,572
Established Programs Financing	398,900	435,000	396,994
Statutory Subsidy	2,200	2,200	2,184
Other Federal-Provincial Programs	37,100	44,200	58,369
Other Receipts	8,800	8,100	7,332
Total Receipts from Other Governments	$ 1,119,000	$ 1,088,800	$ 1,074,367
Total Budgetary Revenue	$ 4,278,200	$ 4,083,400	$ 3,695,119

* Revenues have been restated to reflect changes in classification.

Province of Saskatchewan
Combined Funds
Statement of Budgetary Expenditure
For the Year Ending March 31

	Estimated 1991	Estimated 1990*	Actual 1989*
		(Thousands of Dollars)	
Agriculture and Food	$ 187,260	$ 145,484	$ 184,073
Consumer and Commercial Affairs	5,128	4,882	5,565
Culture, Multiculturalism and Recreation	21,108	23,587	18,669
Economic Diversification and Investment Fund	31,389	40,989	16,389
Economic Diversification and Trade	27,123	31,675	26,036
Education	888,046	840,793	809,975
Energy and Mines	14,314	15,180	15,433
Environment and Public Safety	11,980	11,647	10,244
Executive Council	5,667	5,979	6,597
Family Foundation	1,289	1,300	1,300
Finance	189,603	170,172	152,577
Finance - Servicing the Public Debt - Government Share	493,400	371,275	312,762
Health	1,507,344	1,371,554	1,248,482
Highways and Transportation	232,533	245,008	225,107
Human Resources, Labour and Employment	13,435	14,111	11,891
Indian and Native Affairs Secretariat	4,546	4,688	3,752
Justice	148,178	149,485	140,521
Legislation	14,195	13,423	13,873
New Careers Corporation	5,737	5,713	3,712
Northern Affairs Secretariat	560	629	679
Parks and Renewable Resources	74,845	72,420	83,547
Provincial Auditor	3,050	3,050	2,890
Provincial Secretary	3,741	3,859	3,565
Public Service Commission	10,765	11,208	10,022
Rural Development	78,267	80,482	74,927
Saskatchewan Crop Insurance Corporation	43,325	19,398	22,176
Saskatchewan Gaming Commission	2,170	933	- - -
Saskatchewan Housing Corporation	65,033	75,048	75,141
Saskatchewan Municipal Board	867	715	772
Saskatchewan Property Management Corporation	4,282	6,666	6,666
Saskatchewan Research Council	5,736	7,336	6,479
Saskatchewan Water Corporation	10,838	22,303	21,058
Seniors' Secretariat	57,300	55,962	54,046
Social Services	381,975	380,434	364,093
Department of Telephones	3,577	5,074	505
Urban Affairs	92,099	96,439	85,215
Women's Secretariat	540	559	777
Total Budgetary Expenditure	$ 4,641,345	$ 4,309,460	$ 4,019,516
Nature of Expenditure:			
Ordinary	$ 4,323,225	$ 3,979,495	$ 3,741,012
Capital	318,120	329,965	278,504
Total Budgetary Expenditure	$ 4,641,345	$ 4,309,460	$ 4,019,516

* The Estimated 1990 and Actual 1989 expenditure amounts have been restated on a comparative basis to the expenditure structure for Estimated 1991.

Province of Saskatchewan
Combined Funds
Statement of Loan, Investment and Deposit Activity (Non-Budgetary)

For the Year Ending March 31

	Estimated 1991	Estimated 1990	Actual 1989
		(Thousands of Dollars)	
Receipts			
Loans			
Agricultural Credit Corporation of Saskatchewan	**$ 150,000**	$ 158,400	$ 268,400
Crown Investments Corporation of Saskatchewan	**263,114**	295,527	293,412
Municipal Financing Corporation of Saskatchewan	**- - -**	28,013	- - -
Saskatchewan Economic Development Corporation	**16,000**	- - -	- - -
Saskatchewan Mining Development Corporation	**- - -**	- - -	370,523
Saskatchewan Power Corporation	**3,503**	32,907	128,060
Saskatchewan Property Management Corporation	**- - -**	17,500	100,000
Saskatchewan Telecommunications	**16,812**	7,100	15,074
Saskatchewan Water Corporation	**- - -**	350	3,000
Other	**500**	500	56,510
Total Loan Receipts	**$ 449,929**	$ 540,297	$ 1,234,979
Investments			
Recovery of Investment in Agricultural Land and Related Assets	**$ 4,500**	$ 4,500	$ 6,874
Potash Corporation of Saskatchewan	**- - -**	- - -	418,554
Saskatchewan Mining Development Corporation	**- - -**	- - -	218,700
Other	**- - -**	- - -	2,044
Total Investment Receipts	**$ 4,500**	$ 4,500	$ 646,172
Deposits			
Conditional Receipts	**$ - - -**	$ - - -	$ 1,644
Crown Entities	**- - -**	- - -	- - -
Sinking Funds	**17,852**	17,762	18,340
Total Deposit Receipts	**$ 17,852**	$ 17,762	$ 19,984
Total Receipts	**$ 472,281**	$ 562,559	$ 1,901,135

Province of Saskatchewan
Combined Funds
Statement of Loan, Investment and Deposit Activity (Non-Budgetary)

For the Year Ending March 31

	Estimated 1991	Estimated 1990	Actual 1989
		(Thousands of Dollars)	
Disbursements			
Loans			
Agricultural Credit Corporation of Saskatchewan	**$ 200,000**	$ ---	$ ---
Crown Investments Corporation of Saskatchewan	**263,900**	176,000	645,523
Municipal Financing Corporation of Saskatchewan	**30,000**	50,000	---
Saskatchewan Agricultural Returns Stabilization Fund	**---**	15,350	---
Saskatchewan Economic Development Corporation	**97,500**	36,200	3,919
Saskatchewan Power Corporation	**250,000**	180,000	69,234
Saskatchewan Property Management Corporation	**182,100**	180,750	144,300
Saskatchewan Telecommunications	**75,000**	---	20,779
Saskatchewan Water Corporation	**65,400**	66,900	---
Other	**47,315**	46,875	475,984
Total Loan Disbursements	**$ 1,211,215**	$ 752,075	$ 1,359,739
Investment			
Crown Investments Corporation of Saskatchewan	**$ 64,500**	$ 60,000	$ 719,485
Investment in Agricultural Land and Related Assets	**900**	900	745
Total Investment Disbursements	**$ 65,400**	$ 60,900	$ 720,230
Deposits			
Conditional Receipts	**$ ---**	$ ---	$ 5,730
Crown Entities	**---**	---	70,662
Sinking Funds	**20,222**	17,882	18,460
Total Deposit Disbursements	**$ 20,222**	$ 17,882	$ 94,852
Total Disbursements	**$ 1,296,837**	$ 830,857	$ 2,174,821
Excess of Receipts Over Disbursements	**$ (824,556)**	$ (268,298)	$ (273,686)

Province of Saskatchewan
Combined Funds
Statement of Total Debt

As at March 31

	Estimated 1991	Estimated 1990*	Actual 1989**
		(Thousands of Dollars)	
Promissory Notes (for the purpose of)			
Crown Corporations***	$ 496,609	$ 496,609	$ 514,109
Government of Saskatchewan	1,102,354	1,102,354	994,541
Total Promissory Notes	$ 1,598,963	$ 1,598,963	$ 1,508,650
Treasury Bills (for the purpose of)			
Government of Saskatchewan	$ 650,000	$ 650,000	$ 650,000
Total Treasury Bills	$ 650,000	$ 650,000	$ 650,000
Debentures (for the purpose of)			
Crown Corporations***	$ 6,726,519	$ 6,012,048	$ 5,844,495
Government of Saskatchewan	3,056,718	2,693,573	2,574,827
Other - Federal/Municipal†	5,734	5,734	6,234
- University of Saskatchewan***	2,225	2,225	2,225
- Investment in Agricultural Land††	184,436	184,436	184,436
Total Debentures	$ 9,975,632	$ 8,898,016	$ 8,612,217
Gross Debt	$ 12,224,595	$ 11,146,979	$ 10,770,867
Less Equity in Sinking Funds (for the purpose of)			
Crown Corporations	$ 477,156	$ 436,236	$ 419,339
Government of Saskatchewan	15,171	11,598	10,194
Other - University of Saskatchewan	1,394	1,234	1,077
Total Equity in Sinking Funds	$ 493,721	$ 449,068	$ 430,610
Net Public Debt	$ 11,730,874	$ 10,697,911	$ 10,340,257
Guaranteed Debt	1,526,290	1,330,492	1,084,811
Total Debt	$ 13,257,164	$ 12,028,403	$ 11,425,068

* Estimated 1990 figures have been adjusted to reflect Actual 1989.

** Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

*** These enterprises are responsible for the repayment of principal and interest.

† These obligations represent monies loaned to the Province by the federal government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

†† Recoverable from the sale of land held by the Agricultural Division of the Saskatchewan Heritage Fund.

Province of Saskatchewan
Combined Funds
Gross Debt by Allocation

As at March 31

	Estimated 1991	Estimated 1990*	Actual 1989**
		(Thousands of Dollars)	
Reimbursable Debt			
Crown Corporations.***			
Agricultural Credit Corporation of Saskatchewan	**$ 663,943**	$ 613,943	$ 772,343
Agricultural Development Corporation of Saskatchewan	**3,200**	3,200	3,200
Crown Investment Corporation of Saskatchewan†	**2,273,240**	2,272,454	1,617,187
Municipal Financing Corporation of Saskatchewan	**152,611**	122,611	100,624
Saskatchewan Economic Development Corporation	**220,342**	138,842	102,642
Saskatchewan Government Printing Company	**2,100**	2,100	2,100
Saskatchewan Housing Corporation	**317,304**	317,304	317,304
Saskatchewan Power Corporation†	**1,874,253**	1,627,756	2,255,457
Saskatchewan Property Management Corporation	**730,486**	548,386	385,136
Saskatchewan Telecommunications	**807,362**	749,174	756,274
Saskatchewan Water Corporation	**178,287**	112,887	46,337
Total Crown Corporations	**$ 7,223,128**	$ 6,508,657	$ 6,358,604
Other:			
Federal/Municipal††	**$ 5,734**	$ 5,734	$ 6,234
University of Saskatchewan***	**2,225**	2,225	2,225
Investment in Agricultural Land†††	**184,436**	184,436	184,436
Total Other	**$ 192,395**	$ 192,395	$ 192,895
Total Reimbursable Debt	**$ 7,415,523**	$ 6,701,052	$ 6,551,499
Non-Reimbursable Debt			
Government of Saskatchewan	**$ 4,809,072**	$ 4,445,927	$ 4,219,368
Gross Debt	**$ 12,224,595**	$ 11,146,979	$ 10,770,867

* Estimated 1990 figures have been adjusted to reflect Actual 1989.

** Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

*** These enterprises are responsible for the repayment of principal and interest.

† Subsequent to March 31, 1989, the assets and liabilities of SaskEnergy were transferred from Saskatchewan Power Corporation to Crown Investments Corporation of Saskatchewan.

†† These obligations represent monies loaned to the Province by the Federal government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

††† Recoverable from the sale of land held by the Agricultural Division of the Saskatchewan Heritage Fund.

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